

**PARATRANSIT OPERATORS' PARTICIPATION IN PUBLIC TRANSPORT  
REFORM IN CAPE TOWN: A QUALITATIVE INVESTIGATION OF  
THEIR BUSINESS ASPIRATIONS AND ATTITUDES TO REFORM**

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## ABSTRACT

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The South African government launched two public transport reform programmes in the last two decades to address generally declining services as well as specific problems with paratransit, the dominant service provider. One programme aims to incorporate paratransit in new bus-based networks in cities; the other is a national paratransit fleet renewal scheme. Cape Town is arguably most advanced with the former, and the first phase of its bus network is nearing completion. Paratransit operators have shown resistance to both programmes, yet there have been few efforts to gain direct insight into their views on their businesses or their attitudes to reform. It is thus difficult to identify reasons behind their unenthusiastic response, or to understand if revisions to the programmes might cause more operators to opt in.

This research employed a case study strategy to investigate paratransit operators' business aspirations and needs in Cape Town, and to identify commonalities between their attitudes and the aims of the reform programmes to inform potential amendments to these programmes. The details of incorporating paratransit operators in the new bus system in Cape Town were not systematically recorded, and it was thus first necessary to trace the engagement process between the municipality and these operators. Information was drawn from a variety of sources over a six-year period. Against this background, semi-structured qualitative interviews were conducted with 30 operators and eight drivers from different parts of the city to explore their aspirations and views on reform. Access was arranged through trusted intermediaries and the eight associations to which respondents belonged.

The research revealed that operators were not necessarily passive players waiting for government-led change: some established large transport enterprises, whereas others built small-scale businesses. Propositions were subsequently drawn, amongst other things, on the prospects of and potential revisions to the reform programmes. The recapitalisation programme has had the broader reach of the two programmes. The national government should consider extending it and reviewing its financial support mechanism to make it more accessible to small operators. Larger businesses might be well positioned for incorporation in bus operating companies, but concerted efforts must be made to build trust with these operators and to familiarise them with the transition process. By documenting operator incorporation in the bus system, and providing first-hand insight into paratransit aspirations and attitudes to reform, the research ultimately contributes a basis from which to understand operators' existing responses to reform and the potential for their greater participation in it.

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## ACRONYMS AND TERMS

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<b>BRT</b>	Bus Rapid Transit
<b>CfTS</b>	Centre for Transport Studies ( <i>at the University of Cape Town</i> )
<b>IPTN</b>	Integrated Public Transport Network ( <i>can include a BRT component</i> )
<b>NLTA</b>	National Land Transport Act ( <i>No. 5 of 2009</i> )
<b>NLTTA</b>	National Land Transport Transition Act ( <i>No. 22 of 2000</i> )
<b>NTA</b>	National Taxi Alliance
<b>NTTT</b>	National Taxi Task Team
<b>PTISG</b>	Public Transport Infrastructure and Systems Grant ( <i>IPTN capital grant</i> )
<b>PTNOG</b>	Public Transport Network Operating Grant ( <i>IPTN operating grant</i> )
<b>PTOG</b>	Public Transport Operating Grant ( <i>conventional bus subsidies</i> )
<b>PTS</b>	Public Transport Strategy ( <i>national reform programme</i> )
<b>SANTACO</b>	South African National Taxi Council
<b>TRP</b>	Taxi Recapitalisation Programme
<b>VOC</b>	Vehicle Operating Company ( <i>in an IPTN</i> )

### Local municipality names in South Africa

Local municipalities in South Africa can include more than one settlement, at the core of which might lie a city surrounded by smaller towns and unsettled areas. The name of the local municipality can refer to a geographical area or to the local governing entity, but this might differ from that of the core city. Below is a list of such municipalities referred to in this thesis:

<i>local municipality</i>	<i>core city</i>	<i>local municipality</i>	<i>core city</i>
Buffalo City	East London	Mangaung	Bloemfontein
City of Cape Town	Cape Town	Mbombela	Nelspruit
City of Johannesburg	Johannesburg	Msunduzi	Pietermaritzburg
Ekurhuleni	Germiston	Nelson Mandela Bay	Port Elizabeth
eThekweni	Durban	Tshwane	Pretoria

**Exchange rate**

The exchange rate that I used in the text was  $\text{USD}1.00 = \text{ZAR}12.00$ , which was a typical South African rand rate against the United States dollar in the first half of 2015.

# 1 INTRODUCTION

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The South African government is investing heavily in reforming urban public transport. This reform process has significant implications for the businesses of paratransit<sup>1</sup> operators, yet these operators' business aspirations and attitudes to reform are poorly studied. The purpose of this research was to investigate these aspirations and attitudes, and how they relate to government's reform programmes. But in order to understand why studying paratransit operators and their views is important it is necessary to understand the public transport context in South Africa and the current approach to reform. The first part of this chapter provides this contextual background. The second part of the chapter presents a review of prior studies in this field, the aims of the research in relation to gaps in current knowledge, and the design of the research process.

## 1.1 PUBLIC TRANSPORT IN SOUTH AFRICA

Public transport has played a critical role in the development of South African cities. The apartheid era government forcibly evicted non-white citizens from urban centres and relocated them to less accessible land on the outskirts of cities, or even further afield in artificial *homelands*. Cities sprawled along clear racial lines. Black African people were moved furthest from economic opportunity in purpose-built *townships*, to be brought back daily into the city core for low-skilled jobs. White populations were favoured with the most central and economically and physically attractive locations connected by car-focussed infrastructure. Coloured, Indian and other population groups were situated in between white and black areas to form spatial buffers. The state furnished publicly subsidised bus and rail services to overcome the distance that it created between much of the predominantly black urban labour force in the townships and the centres of employment in cities. However, rather than providing a means of mobility, these services were used to control the movement of the displaced. As an outlet for the unmet demand and as a symbol of resistance, small transport operators originating from within oppressed communities provided clandestine services to fill

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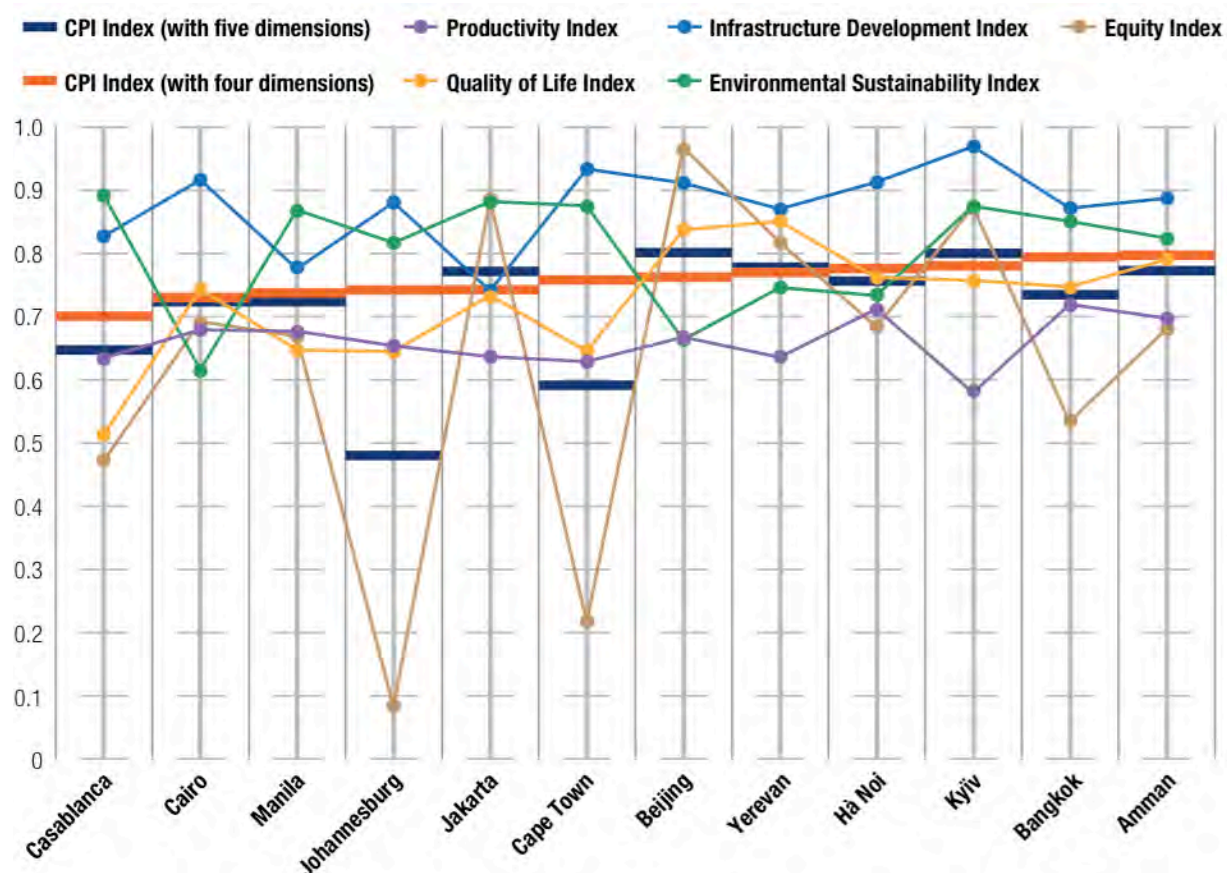
<sup>1</sup> The term paratransit as used in this thesis refers to unscheduled public transport services that typically utilise small buses, minibuses (vans) and smaller four- or two-wheeled vehicles. Paratransit in one or more of these formats is common in developing world countries – see, for instance, Cervero's (2000) international review of these services. In South Africa the most common form of paratransit is the 16-seater *minibus-taxi*, or, more colloquially, the *taxi*. Minibus-taxis should not be confused with taxis that charge per-kilometre fares, which in South Africa are referred to as meter(ed) taxis.

the gap left by government-sanctioned services. Such paratransit operations grew in number and prominence as the apartheid regime gradually crumbled and struggled to maintain its segregationist practices.

Along with the transition to democratic governance in the 1990s the purpose of public transport shifted. From a means to control the dispossessed, public transport had to become a facilitator of movement for those for whom private car ownership was out of reach and walking not a feasible option to get to work. Public transport could thus begin to play an important role in addressing the imposed spatial and racial inequality of South African cities by serving especially these poor, often peripheral households. For instance, in Cape Town 47% of the population fell below the poverty line in 2012, yet this segment of the population spent between 45% and 70% of household income on access, versus international norms of 5-10%. More than two-thirds of this 47% was concentrated in the outlying south-eastern sector of the city removed from most economic opportunities (City of Cape Town [CoCT], 2013a). Indeed, though infrastructure development in Cape Town and Johannesburg after the end of apartheid is in line with that of international peers, specifically in terms of equity the two largest South African cities still lag behind these peers (see Figure 1-1). By bringing poorer city dwellers closer to economic opportunity public transport stood to play a large role in addressing the urban inequality issue in this country.

Present-day public transport systems are, however, under pressure. The national statistics agency noted in its 2013 household travel survey (n=54 341) that 39% of all work trips in the country used public transport as main mode, followed by private motorised transport at 38% and walking at 22% (Statistics South Africa [StatsSA], 2014). This survey also captured the deficiencies of public transport. Of the overwhelming majority of households reporting problems, the two foremost issues on both trains and buses were non-availability and unreliability. On paratransit operators' *minibus-taxis*, expensive fares and reckless drivers were the chief problems. Only 13.5% of surveyed households reported experiencing no problems with the services that they used. The burden that currently weighs on public transport is thus not only the large number of people carried, but also the problems with the way in which the service is being delivered. Moreover it is unlikely that there will be substantially different land use patterns, rapid increases in the supply of urban road space, or greater affordability of automobiles. As the urban portion of the population in South Africa grows from 61.7% in 2010 to a projected 71.3% in 2030, a large proportion of the estimated

7.8 million new city dwellers across the country will have to be accommodated on public transport (United Nations Human Settlements Programme [UN-Habitat], 2013:170). It is thus foreseeable that the pressure on public transport will continue to increase, especially in cities.



**Figure 1-1: Cities with solid prosperity factors**

Source: UN-Habitat, 2013

The source defines equity as inequality of income and consumption and social and gender inequality of access to services and infrastructure.

The agencies responsible for public transport have not been idle in the two decades since the political transition (see Table 1-1 for the institutional context of public transport in South Africa). In 1996 the national Department of Transport (DoT) developed the first post-apartheid transport policy, the *White Paper on National Transport Policy* (DoT, 1996). This was followed by a strategic plan, *Moving South Africa*, published in 1999 (DoT, 1999). The former was developed in the context of transport being one of the government's five priority socio-economic development areas, while the latter recognised problems and identified improvements to be made in both the passenger and freight transport sectors.

**Table 1-1: Division of public transport institutional functions in South Africa**

Function	Paratransit	Scheduled bus	Rail
Policy	National Department of Transport	National Department of Transport	National Department of Transport
Planning	Municipal department with oversight over transport planning / Municipal Transport Authority <sup>a</sup>	Municipal department with oversight over transport planning / Municipal Transport Authority <sup>a</sup>	National Department of Transport: Passenger Rail Agency of South Africa
Competition regulation	Provincial Department of Transport and Public Works: Provincial Regulatory Entity <sup>b</sup>	Provincial Department of Transport and Public Works: Provincial Regulatory Entity <sup>b</sup>	National Department of Transport: Rail Safety Regulator and National Public Transport Regulator
Right-of-way infrastructure	South African National Road Agency Limited / Provincial Department of Transport and Public Works / Transport for Cape Town <sup>c</sup>	South African National Road Agency Limited / Provincial Department of Transport and Public Works / Transport for Cape Town <sup>c</sup>	National Department of Transport: Passenger Rail Agency of South Africa
Station / ranking infrastructure	Municipal department with oversight over transport infrastructure / Municipal Transport Authority / Paratransit route associations <sup>d</sup>	Municipal department with oversight over transport infrastructure / Municipal Transport Authority	National Department of Transport: Passenger Rail Agency of South Africa
Law enforcement	National / provincial / municipal traffic law enforcement agencies <sup>e</sup>	National / provincial / municipal traffic law enforcement agencies <sup>e</sup>	National Department of Transport: Passenger Rail Agency of South Africa
Service provision	Paratransit operators and route associations <sup>f</sup>	Private scheduled bus operators	National Department of Transport: Passenger Rail Agency of South Africa: Metrorail division

Notes:

<sup>a</sup> Municipalities can establish transport authorities under which all transport functions can be integrated; few have done so in practice

<sup>b</sup> Municipalities can apply for the regulatory function to be devolved to them, in which case there would be a Municipal Regulatory Entity

<sup>c</sup> Roadway ownership and maintenance responsibility depends on the road classification hierarchy

<sup>d</sup> Municipalities provide major ranking facilities, but paratransit associations operating from those ranks often perform day-to-day management

<sup>e</sup> Traffic law enforcement responsibility is aligned with the agency that owns a particular stretch of roadway

<sup>f</sup> The relationship between individual operators and route associations in providing services is discussed later in this section

*Moving South Africa* intended to “unwind,” in its words, the stranglehold of the “legacy transport system.” This legacy was the passenger movement network inherited from the apartheid years that no longer served the needs of the country but nonetheless persisted in terms of physical, financial and institutional form. In particular, *Moving South Africa* recognised that the transport legacy in cities was three networks comprising separate services. These were the commuter rail and bus services to connect *townships* to city centres, the system of roads and private cars for the privileged minority, and paratransit that infiltrated the gaps between these other motorised modes. It furthermore recognised that of the three networks the paratransit system continued to be largely unregulated and unfunded by the public sector. *Moving South Africa* identified the need to unify these separate networks, which had become highly peak-biased, poorly utilised, often unsafe, and costly on both the demand and supply side.

Despite the good intentions of *Moving South Africa*, the 2007 *Public Transport Strategy* and the National Planning Commission’s *National Development Plan* affirm the ongoing poor performance and inadequacy of urban public transport services (DoT, 2007a; National Planning Commission [NPC], 2011). Public transport offered a “third class service” (DoT, 2007a:10) that held a large segment of riders captive, while losing those who could afford private cars (DoT, 2007a; NPC, 2011). In relation to urban form and equality, towards the end of the 2000s the urban public transport situation in South Africa could be summarised as follows:

- Public transport networks in general were under-performing when it came to reversing urban inequality. Public transport has failed to increase passengers’ travel options and reduce reliance on private car travel, and the apartheid era urban transport legacy remained largely intact.
- Despite significant state subsidies rail and scheduled buses had been stagnating. The fixed nature of rail infrastructure, poor incentives to innovate and compete brought on by subsidisation, and a cumbersome bureaucracy had contributed to rail and bus services’ inability to respond effectively to sprawling urbanisation and peripheral informal settlement growth.
- Paratransit operations had filled many of the markets under-served by rail and bus services, including both main line and local area services. Paratransit operators often did



so without government sanction or support; however, the paratransit ownership and operational model encouraged minimal investment in vehicle replacement and maintenance, competition on the road – sometimes violently so – and dangerous driving behaviour.

A reason for both the success and the failure of the paratransit sector is its simple business model that commonly relied, and still today relies, on a “daily target” system or a commission system (Barrett, 2003; Botha, personal communication 2011, 20 June; Joubert, 2013; Khosa, 1994). The target is a fixed daily amount that the owner expects the driver to pay for the use of the vehicle, while the commission is a percentage of fare revenue that the driver keeps at the end of the day or week. In the course of a day’s operations the driver must collect sufficient farebox revenue to cover the target or to earn sufficient commission income. The remaining revenue from fares after the target is met, or the commission on fare income, is the driver’s source of income. Thus, the more passengers a driver collects the larger the driver’s earnings. The owner’s income is the fixed daily target amount or farebox revenue after commission is paid, out of which he or she must cover vehicle replacement, maintenance, insurance and other ownership costs. To maximise income the owner minimises expenditure particularly on vehicle replacement and maintenance. This income can then be used to purchase a second or subsequent vehicle, and the model is replicated. The target and commission systems thus serve both the driver and the owner. The harder the driver works the greater the income potential, while the owner is at arm’s length of day-to-day operational concerns yet is assured of a daily income that can be used to expand the vehicle fleet. A key failure of this business model is that it promotes what Lomme (2008) refers to as “destructive competition”<sup>2</sup>: drivers are incentivised to speed and compete aggressively on the road with one another and with other modes for potential passengers. Meanwhile vehicle numbers increase yet owners have little motivation to invest in fleet maintenance and replacement.

The paratransit business model is indeed so successful at replicating itself and displacing formal service providers that the sector as a whole has become the dominant public transport mode in the country. The official statistics published in the 2013 household travel survey places its national share of main mode for work trips at 68%, followed by buses with 19% and rail at 13%. However, calculating the true share that paratransit holds is a challenging task, as the sector is not a consolidated collective. The national paratransit representative body – the

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<sup>2</sup> Cervero (2000) and Golub (2003) use “cut-throat competition” as a synonym for destructive competition in the paratransit context.

South African National Taxi Council (SANTACO) – claims a membership of 187 000 individuals (Venter, 2012), while the DoT estimates a national fleet size of 135 000 minibuses (cited in Van Ryneveld, 2010). There is no clear explanation for the number of SANTACO members outstripping the national fleet estimate. Amongst other reasons, it could be that not all SANTACO members are active operators, that the scale of unlicensed operations is being underestimated, or that a considerable proportion of the paratransit fleet is made up of vehicles other than minibuses. These are not the only unknown factors. Enterprise size, the local route association structure, and legal and taxation compliance are also likely to vary within and between cities.

## **1.2 CURRENT APPROACH TO PUBLIC TRANSPORT REFORM**

The urban public transport picture that persists in South Africa into the second decade of the 21<sup>st</sup> century is thus of a flawed system dominated by an atomised though pervasive paratransit component. This system nonetheless plays a crucial role with respect to pronounced economic and locational inequality and sustained urbanisation. Paratransit operators<sup>3</sup>, in particular, have proven themselves to be well placed to play a lead – if not mandated – role in responding to these urban challenges. What has also persisted over the last two decades is government efforts to address the failings of urban public transport.

The *White Paper* and *Moving South Africa* led the way, but other programmes have followed at various levels of government with the aim of reforming public transport systems. The task of reform, as identified in these documents, was clear: make public transport car-competitive, increase travel options by improving the quality, safety, extent and affordability of public transport, and integrate the different modes of public transport. Some reform programmes have specifically targeted paratransit businesses and operations. Due to the integral role that paratransit plays in passenger transport, urban public transport reform will necessarily involve paratransit reform whether or not it is the explicit intention of such programmes.

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<sup>3</sup> The roles of operator and operators' associations are intertwined in operating paratransit services, but for the purposes of this thesis these entities are treated separately. In this thesis the term *paratransit operator* is used to indicate the owner of a vehicle or fleet of vehicles providing licensed or unlicensed paratransit services, and a *paratransit association* is the representative and management structure of a cooperative of paratransit operators. Though some owners drive their own vehicles for financial or other reasons, the definition of an operator does not include paratransit vehicle drivers. Drivers are by and large employees.

The most comprehensive public transport reform programme to date is the DoT's Public Transport Strategy (PTS) (DoT, 2007a) and the related 2007-2010 Public Transport Action Plan (DoT, 2007b). The PTS aimed for municipalities to create Integrated Public Transport Networks (IPTNs) in the 12 largest cities and six more densely populated districts in the country by 2014, and complete the networks in the 12 cities by 2020. These networks would rely principally on high-quality bus, or "bus rapid transit" (BRT), services. The general restructuring principle was that paratransit and subsidised bus operators whose routes would be affected in part or in full by new bus routes would have to withdraw their vehicle from these routes. Such operators could opt to be incorporated in the new systems by forming companies capable of offering the new services.

Progress has been more limited than planned. Only two cities have introduced BRT services: the first IPTN routes were launched in Johannesburg in 2009 under the *Rea Vaya* brand and in Cape Town in 2011 as the *MyCiTi*, and expanded since in both cities. The Johannesburg and Cape Town services form part of these cities' respective IPTN "first project phases", incorporating in both cases a small number of trunk lines linked to multiple feeder services. Many of these first phase trunk and feeder routes are operational, though construction of additional routes is ongoing in both these cities. A number of other city municipalities have drawn up similar plans to build upgraded bus or BRT systems. The first IPTN services in Tshwane and George were launched in December 2014, though large-scale operations are still to commence in Ekurhuleni, Nelson Mandela Bay, Rustenburg and Polokwane. Municipal officials and consultants have presented progress on several of these projects at an IPTN/BRT session that has been a fixture since 2011 at the annual Southern African Transport Conference held in Pretoria. Amongst such presentations Cape Town has increasingly been noted as being in the lead position with implementing its IPTN and appears to have become a reference case for other cities, the National Treasury and the DoT.

At a number of points since being initiated the PTS and cities' IPTN projects have drawn heated reactions and protests from local and national paratransit interests, as periodically reported in the press around the country (e.g.: Butler & Dimbaza, 2009; Hartley, 2012; Hartley & McKune, 2008; Hweshe & Lewis, 2009; "Soweto taxi protest looms", 2011; "Taxi drivers promise more chaos", 2009). Reform is clearly a sensitive topic, but the reactions that it has elicited from the paratransit sector should be viewed in the context of a long history of government efforts to establish greater control over paratransit operations. These efforts

diminished toward the latter years of the apartheid era, as documented by Khosa (1992; 1995). Government attempts to control paratransit numbers eventually ceased in the late 1980s. Any operator could apply for, and was awarded, a zonal operating permit. These permits allowed service within a wide radius from a base of operations, thus not limiting operations to any particular route. The ‘taxi wars’ ensued as paratransit groupings fought to gain and maintain territorial control of the most lucrative routes.

In the mid 1990s the post-apartheid government launched the National Taxi Task Team (NTTT) to investigate the causes behind the taxi wars and to propose actions to ameliorate the situation. The main issues emerging from the NTTT’s investigation were clustered around: economic sustainability; industry formalisation; regulation and control; safety; infrastructure; training; labour relations; and transport policy (NTTT, 1997). The NTTT’s findings were incorporated into the 1996 *White Paper* and *Moving South Africa* (DoT, 1996; 1999), and served as foundation for the Taxi Recapitalisation Programme (TRP) launched in 1999 (Boudreaux, 2006). The findings also laid the basis for the introduction of a route-based operating licensing system enacted under the National Land Transport Transition Act (No. 22 of 2000) (DoT, 2007b) and carried over into the current National Land Transport Act (No. 5 of 2009). The NTTT recommendations also ultimately led to the establishment of SANTACO, with regional sub-structures, to act as intermediary between government and minibuses-taxi owners and associations (SANTACO, 2014).

The TRP is a national public transport reform programme focussing on paratransit. It incorporated the conversion of the poorly defined radius-based permits to route-based licenses, as well as a subsidised minibus vehicle renewal scheme (DoT 2006; 2013a). Scrapping of old vehicles was made conditional on the operator being in possession of a valid route-based operating licence. Uptake by operators has been slower than expected, though not insignificant. While the TRP was launched in 1999, it took until 2006 for the programme to come on stream. From 2006 until the end of the initial run of the TRP in 2013 the target was to scrap around 136 000 minibuses nationally. Figures quoted by the Transport Minister in August 2013 showed that 54 159 vehicles had been scrapped over the programme’s first six years<sup>4</sup> (Ensor and Vecchiato, 2013). Significantly, government aspirations to formalise

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<sup>4</sup> The TRP has since been extended, though target dates for such extension are not available. Neither the Taxi Scrapping Administrator nor the Department of Transport responded to requests for a more recent national figure. Statistics indicating vehicle scrapping rates at local level were also not available.

paratransit ownership structures through the TRP have not been realised. The intention, as expressed in *Moving South Africa*, was to enable paratransit operators to be in a position to bid competitively for public transport service contracts. This reorganisation of the paratransit sector would arguably have created conditions more conducive to the introduction of a reform scheme envisaging large-scale service contracts, such as those envisioned in the PTS. Instead, paratransit industry reorganisation has had to be incorporated in the scope of cities' respective IPTN projects.

### **1.3 RECENT RESEARCH ON PARATRANSIT PARTICIPATION IN REFORM IN SOUTH AFRICA**

The present public transport reform approach impacts profoundly on paratransit operators' businesses, yet these operators' aspirations and attitudes to reform have not been well researched. This is particularly the case in relation to the PTS: operators' reactions to the programme periodically come to the fore (as per the press articles cited in section 1.2 above), but the motivations underpinning these reactions have not been studied in depth.

That there was an imperative for operators to be participants in the reform process is not in question. The National Land Transport Act (NLTA, No. 5 of 2009:s79) protects operators against summary withdrawal of valid operating licences: should municipalities wish to withdraw licenses they either have to wait for the validity period to run out or offer operators an alternative. The country's constitution furthermore directs the public sector to encourage participation in policy processes (Constitution of the Republic of South Africa, 1996, as amended, 2009:s195). There are, however, many forms of participation. With reference to Arnstein's (1969) ladder rungs of different forms of participation, were paratransit operators manipulated or coerced by the public sector, were they subject to tokenism (being informed, consulted or placated), or were they true partners in reform with control over their involvement? Operators' attitudes could well have been shaped by the particular manner in which there were participants in reform.

In laying the foundation for the reforms that followed, the NTTTT set an unmatched precedent. Over the course of 36 hearings held across the country in a five-month period spanning 1995 and 1996, the NTTTT engaged directly with 1 102 individuals, the vast majority of whom were paratransit owners: 717 owners participated through verbal submissions, and 85 by way of written submission (NTTTT, 1997). Subsequent endeavours to expand knowledge on operators' attitudes have focussed largely on the history of the industry and on the TRP. Only

a handful of studies have systematically engaged paratransit operators to gain insight into their attitudes towards aspects of government's reform agenda, the suitability of the regulatory regime, and their business environment, needs and aspirations. The methodological approaches of these studies are also pertinent insofar as they illustrate reasons for the limited research in this field.

Jakoet (2001) conducted a questionnaire-based survey of small bus and paratransit operators' preparedness for tendering for subsidised public transport services in the Western Cape – one of South Africa's nine provinces. The study's focus was on bus operators as the initial target of the tendering programme, with a subsidiary interest in paratransit operators, who would be targeted at a later stage. The questionnaires comprised multiple choice, tabular and open-ended questions and there was a subsequent quantitative analysis of business, labour and training needs. Bus operators were approached telephonically to opt in prior to receiving a questionnaire. The South African Bus Operators Association provided a list of all its members, out of which 74 bus operators were identified who could be contacted directly. Less than half of these operators could be reached via telephone, and Jakoet states that only "around 10%" of this first wave of respondents completed the questionnaire. In follow-up telephone conversations respondents revealed that they were distrustful of the study's confidentiality; respondents were concerned that their competitors and government authorities would be able to link their responses to their personal details. The help of the South African Black Technical and Allied Careers Organisation (SABTACO), an organisation that Jakoet deemed trusted by operators, was enlisted to endorse the second wave of the study with a cover letter, and operators could opt to receive the results of the study for their own market research purposes. Despite all these efforts only 17 bus-related questionnaires were completed.

With regard to paratransit operators the provincial government was unwilling to release operators' contact details on the basis of such information being "classified" (Jakoet, 2001:60). The Western Cape Taxi Council (WCTC) and the Western Cape Taxi Association (WCTA) were subsequently approached to assist. The WCTC completed questionnaires during its meetings and engaged its member operators to distribute and collect further questionnaires, but the WCTA failed to retrieve any completed questionnaires. In total 14 paratransit operators completed the questionnaire. The number of paratransit operators whom

Jakoet attempted to contact has to be inferred from the reported response rate of  $\pm 20\%$ , i.e. approximately 70 operators.

As with bus operators, paratransit operators reported confidentiality as the main reason for non-response, rather than problems with completing the questionnaire. However, paratransit operators responded poorly to the open-ended question in which they were asked to note the three main problems that they foresaw in moving to the tendering system. Jakoet does not specify in which way responses were poor, e.g. whether the answers were incoherent or whether the item non-response rate was high. Regardless of reasons, only bus operators' responses were taken into account in relation to a question that lay at the core of the study. This was not reported as being problematic because the study focussed on bus operators, yet it raises pertinent methodological issues in relation to studying paratransit operators' views on a reform programme. Gaining access to paratransit operators was a difficult undertaking; it required sustained effort and ultimately required the assistance of representative bodies. Even so, few operators ultimately participated in the study. Amongst those who did participate, asking them to express broader concerns around reforms to their business environment through written responses to a questionnaire had limitations.

One of these limitations was that self-completed questionnaires are an arm's-length method of data collection. With telephonic communication being impossible the researcher had no direct channel through which to clarify questions, or overcome paratransit respondents' obstacles to answering them. A further limitation was in the use of a quantitative approach reliant on arm's length interaction to understand views on a complex issue – in this case what operators foresaw as problems in moving to a new regulatory regime. The results of the open-ended question tasking operators to list their three predominant concerns were distilled into a tabular incidence count. Ten of the 17 bus respondents listed needing capital as their primary problem. The representivity of this result amongst the 74 bus operators with direct contact details, and more who could not be contacted, is unclear. Moreover, an in-depth exploration of the reasons why operators prioritised particular problems above others is not possible with such a methodological approach. Subsequently gauging in which ways the reform programme overlaps with operators' motivations is problematic.

Closer to the current reform programmes, Magubane and Manicom (2003) investigated perceptions of the TRP amongst paratransit operators in Pietermaritzburg, the capital of the KwaZulu-Natal province. The study took place prior to the initiation of vehicle scrapping. It

relied on a focus group interview as well as 137 questionnaires that were administered face-to-face to paratransit operators belonging to 21 of the 31 associations in Pietermaritzburg at the time. The research method description is very brief – the overall size of the research population was not mentioned and thus the response rate and potential representivity of the findings are unknown. The results were presented in a quantitative analysis of operator demographics, business practices, and finances, and their responses to, and understanding of, the TRP. The study concluded that operators understood the TRP mainly in relation to its day-to-day impacts on their businesses, rather than in terms of the policy's strategic intention of providing operators with public financial support and improving labour conditions. Some of the findings are contradictory: for instance, if 59% of respondents thought that the objective of the programme was for government to impose taxes on operators, generally an unpopular move, why would 77% of respondents have a positive attitude towards the programme? As with Jakoet's study above, a possible explanation may lie in operators' limited ability to engage with hypothetical scenarios and express their views through questionnaire-based engagement.

Similar to Magubane and Manicom, Mashishi (2010) assessed paratransit owners' perceptions of the TRP, though in this instance well into the programme's implementation. The structured component of the research took place in Temba, a township outside Pretoria, on the basis that it served as a "microcosm" of paratransit operations in the common township-and-city pairings found in South Africa. "Oral, unstructured and informal interviews" also took place with paratransit owners, driver and users in some 33 similarly located townships or villages across five of the country's nine provinces (Mashishi, 2010:5,103), though there are no further details of this component of the study. The structured part of the study was conducted by way of an interviewer-administered 66-question questionnaire. It spanned demographic information; paratransit business characterisation; closed- and open-ended questions on operators' views on the TRP (as well as one question on awareness of the existence of the IPTN programme); and a Likert-type rating of the success of the TRP in Temba. The sample was 100 of the 283 paratransit operators registered in Temba, and there were 94 completed questionnaires. This is a remarkable feat given the length of the questionnaire and the use of only two fieldworkers. (It is unclear whether the author participated in questionnaire administration or whether any incentives were given for questionnaire completion).



Mashishi highlighted failings and successes of the TRP, and drew up a number of policy and practical recommendations. The outcomes of the open-ended questions and of the informal interviews were not presented except for a brief statement that the latter largely corroborated the surveyed quantitative findings of the study. The study's method description does not provide sufficient detail to explain its apparent success, nor does it reflect on any difficulties or breakthroughs encountered in the data collection process. There is mention of a pilot study amongst respondents with knowledge of the paratransit industry and TRP, though their number is unknown and it appears as if they were not drawn from the study sample. Perhaps the most crucial challenges to replicating this study's success is that Mashishi does not indicate how respondents were accessed or what strategy was used to achieve the high response rate. The only indication in this regard is the inclusion in the appendices of letters from three Temba-based paratransit operator associations authorising the research amongst their members. The role that these associations played in furthering the research is not spelt out.

Amongst the body of literature on current reform programmes in South Africa the most in-depth study was that of Van Schalkwyk (2009) on the TRP, as part of his doctoral degree. It investigated the reasons behind the slow progress of implementing the TRP as at the end of 2008; the investigation relied on 54 qualitative semi-structured interviews, as well as e-mail exchanges, with direct and indirect role-players in the paratransit industry across South Africa. Interviewees included five paratransit operators, 14 drivers and six paratransit organisation representatives variously located in the North West, Gauteng and Western Cape provinces of South Africa. Van Schalkwyk traced in detail the origins of the TRP, the parties involved in its formulation and the extent of their involvement, and suggested ways in which the TRP should take cognition of institutional dynamics to hasten its implementation. Its key contribution is that it offers the first (and likely only) comprehensive review of the TRP formulation process. It differs from the aforementioned studies in that it does not report on one particular group of respondents' views or attitudes towards a policy programme, but rather aims to understand different groups' contributions to a policy formulation process. This is in line with the study's theoretical location in the political sciences, in particular in public policy analysis. The study does not dwell on the details of how the TRP could be reworked in view of responses from any of the specific researched groups involved in its formulation, but it nonetheless serves as a valuable reference resource.

The most recent study on policy and reform that engaged with paratransit operators is that of Wosiyana (2013). The study investigated whether the TRP met its objectives through focus group discussions and qualitative interviews with government officials involved in the programme, passenger and labour organisations and 100 paratransit operators in Durban and Pietermaritzburg. Though it contains only a short report of the process followed in conducting the research, the study presents and consolidates responses around a list of problems with, and unmet expectations of, the TRP. The findings for the most part overlap with the above-mentioned studies on the TRP, and Wosiyana similarly concludes that the programme is an imperfect tool to resolve the numerous problems of the paratransit sector. Though it does not make substantial strides in relation to the TRP or general public transport reform discourse, it is noteworthy and included here because it is the only study that was conducted from within a government organisation – in this case by the eThekweni Transport Authority.

In reflecting on this body of research there are some broad trends in terms of research approach and subject matter. One commonality is that method descriptions tend to be very limited compared to discussions of findings and recommendations, or are absent altogether. The ways in which respondents were selected, how respondents were accessed, the timeframes of data collection, and the difficulties encountered in engaging paratransit respondents in general were poorly described, if at all. This shortcoming from the outset scuppers attempts to replicate the research, and also does not provide a basis for comparing the successes and failures of any particular approach. A second comment in relation to research method is that all studies, bar that of Wosiyana, were part of formal, university-based postgraduate research. It might be expected that such academic research engage more with the theoretical literature, methodological debates or indeed with precedent of similar studies. In relation to subject matter the TRP has been better documented than the PTS, particularly regarding paratransit operator engagement at IPTN project level. This may be partially explained by the PTS being the more recent by around seven years, it being implemented by local government rather than being a countrywide programme, and its subsequent more limited geographical extent.

This is not to say that PTS and IPTN project implementation has not been documented or criticised. A number of publications in, or related to, conference proceedings provide such evidence. Browning (2013) and Von der Heyden, Hasting & Leitner (2014) motivated for a review of the programme at national level, highlighting areas where implementation has been

lagging. McLachlan (2010) assessed challenges faced by the PTS's approach to paratransit transformation nationally and in the creation of IPTNs in Johannesburg and Cape Town. Wilkinson (2010) reviewed paratransit formalisation in Cape Town's *MyCiTi* project against the backdrop of the PTS. Included in this literature are also Venter's (2013) and McCaul and Ntuli's (2011) appraisals of *Rea Vaya*'s first-phase operator negotiation process from academic and practitioner points of view, respectively.

However, where the PTS-focussed body of literature differs from that on the TRP is in the absence of paratransit operators as a primary source of information. Despite links that the aforementioned authors draw between slow progress on PTS implementation and resistance from paratransit operators to IPTN projects, they did not report on paratransit operators' underlying motivations for resisting change or assess such operators' aspirations for their businesses. Failing such investigation the extent of overlap between operators' aspirations and motivations and the aims of this reform programme is obscure. A further distinction between the two programmes is that no equivalent of Van Schalkwyk's (2009) detailed report on the implementation process of the TRP has been produced or is in open circulation for any of the cities developing their IPTNs. There is no repository of government reports on public transport reform implementation, and available reports on the implementation experience of the reform programmes are limited to the academic publications discussed in this section and technical reports on infrastructure completion. These publications do not discuss the details of engagement between municipalities and operators, and as a result ways in which such transition processes informed operators' responses to the PTS and IPTN projects are obscure. Thus, even if more were known about operators' attitudes, it would be difficult to comment on how the substance and process of engagement could better reflect or deal with operators' concerns.

#### **1.4 RESEARCH AIMS AND QUESTIONS**

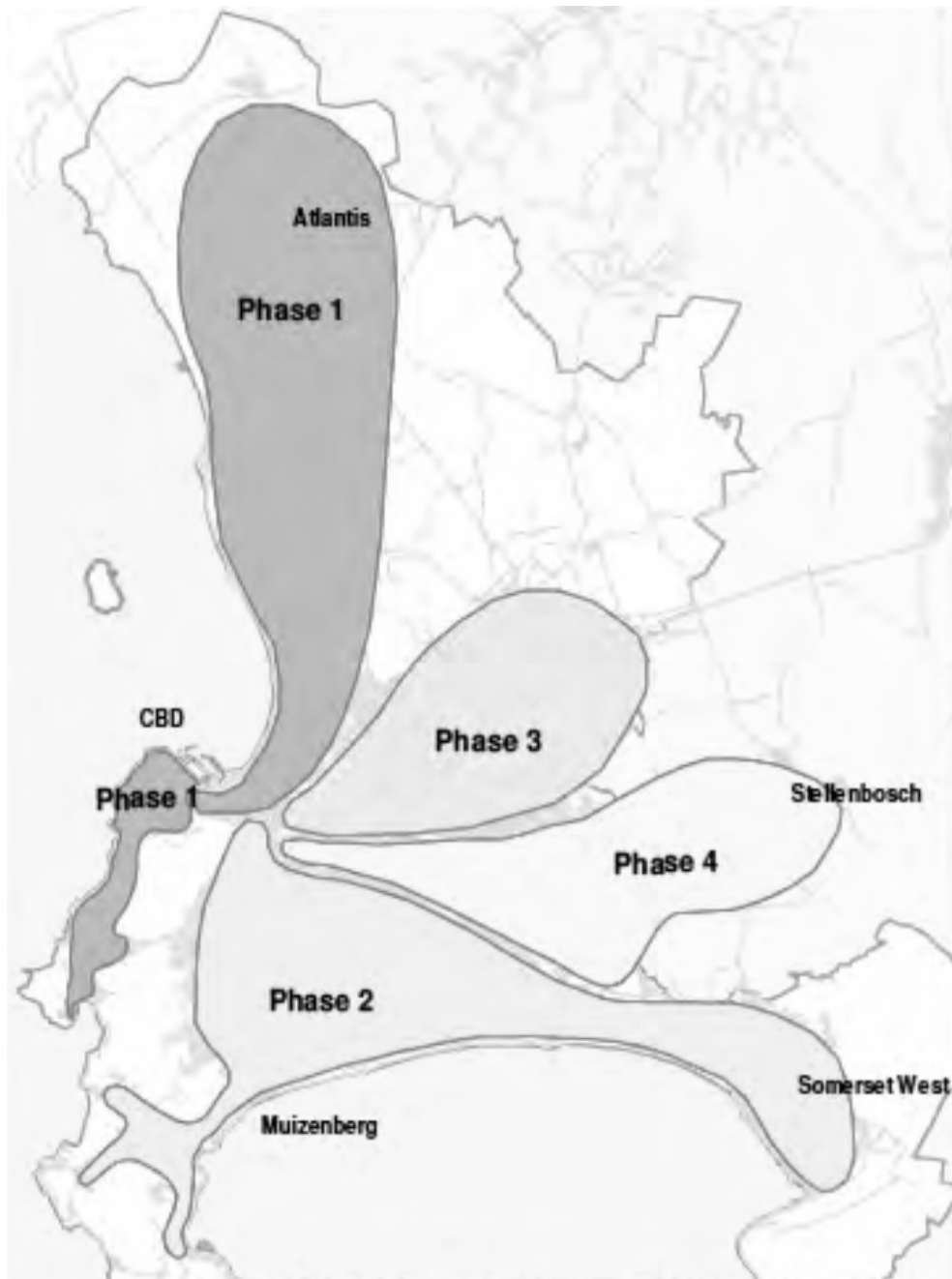
My research had two aims. The first aim was to gain direct insight into the potentially heterogeneous needs and aspirations of paratransit operators, as well as into their attitudes towards public transport reform in Cape Town. As the lead city in terms of progress with its IPTN Cape Town offered a potentially wider scope for studying PTS programme implementation and consequent impacts on paratransit operators in comparison with other cities in South Africa. The results of the investigation into operators' aspirations and attitudes could then be tested against the objectives and outcomes of the PTS and TRP programmes to

identify points of overlap or opposition. Identifying these commonalities – or lack thereof – was the second aim of my research. Responding to both aims would subsequently allow me to put forth propositions around how the reform programmes could be revised to benefit Cape Town’s reform process. These propositions could also be tested through further research in other cities in South Africa attempting to install IPTNs. However, the aforementioned shortage of detailed literature on the operator transition aspect of the IPTN also applied in Cape Town. Without this it would not be possible to understand how they participated in reform, thus contextualising their responses. My research therefore also included documenting the process that the municipality followed in incorporating paratransit operators in its MyCiTi system.

Cape Town’s first phase MyCiTi routes opened in 2011 (Figure 1-2 shows the initial project phasing approach). In subsequent years operations commenced on most of the remaining routes in this project phase, and the long-term operating contracts covering first phase routes were concluded in 2013. Engagement between municipal officials and paratransit operators and associations in Cape Town since the inception of the MyCiTi project focussed on the first phase of the system and the establishment of the aforementioned operating contracts.

This project phase also impacted on some of the routes of the two subsidised bus operators in Cape Town, Golden Arrow Bus Services (GABS) and Sibanye Bus Services. They were thus also included in the engagement process, though collectively their share of affected operations by fare revenue was relatively small at 20.35% (CoCT, 2012a). Broader consultation was limited, and related only to the temporary provision of contracted services for the FIFA World Cup soccer championship held in mid-2010 (CoCT, 2010) and a pilot service for the second phase of the project running from 2014 to 2017 (CoCT, 2013b) as a precursor to more permanent second-phase routes. Except for the pilot service, the attitudes within Cape Town’s paratransit sector in relation to future phases of the MyCiTi system and to the broader programme of reorganisation and reform remained largely untested. Cape Town thus offered an opportunity to investigate operators’ views from outside and within the MyCiTi project environment, as well as in relation to the TRP.

Where paratransit’s reactions to reform were documented in Cape Town and in the rest of the country, the existing literature (as examined earlier in this chapter) raised concerns about the viability of the PTS as a reform strategy. A primary issue was whether installing new and



**Figure 1-2: Initial MyCiTi project phase proposal**

Source: CoCT, 2012a

extensive upgraded bus or BRT systems was the appropriate mechanism for public transport reform in general, and paratransit reform in particular. Alternatives to such a BRT-led reform approach had not been explored or discussed. Investigating such alternatives would be pertinent to my research both in evaluating what paratransit operators might be willing to

accept in terms of a government-led reform programme, and in proposing potential revisions to the PTS to increase the potential for successful implementation to the benefit of passengers.

There was also the broader socio-political context to consider. Operators' participation in reform was likely to have been shaped not only by reform programmes, but also by the operating licence-based competition regulation system, and the historically oppositional relationship between paratransit and government reaching into the apartheid past. In addition to operators' involvement, expectations and attitudes to reform, the manner in which government disposed of its public transport policy-making, regulatory and implementation functions was also pertinent to the research. In this complex policy and practice environment the research was guided by three research questions. These questions emerged from the research aims, but were more specific:

1. *What approach did government follow in incorporating paratransit operators in public transport reform?*

This question directed enquiry into alternative approaches to reform, existing national public transport reform programmes, identifying parties engaged in its formulation, and progress with reform programme implementation in Cape Town.

2. *How do paratransit operators' needs and aspirations around their businesses relate to the current approach to public transport reform?*

This question narrowed the focus to paratransit operators to direct investigation into which of their needs were unmet by government's reform agenda and whether they expressed an internal desire for reforming their industry.

3. *How might the current approach to public transport reform be adjusted to capitalise on the needs and aspirations of paratransit operators?*

The last question sought to unify the responses to the previous questions. If it emerged that government's reform approach did not carry the support of the dominant public service provider, did not address paratransit operators' needs and aspirations, and had little prospect of increasing operators' participation, it would be of value to consider alternative approaches to reform.

## 1.5 RESEARCH DESIGN

I used the case study strategy as described by Yin (1994) to respond to the research aims. The study was of a single case in a real-life context (Yin, 1994:1): that of a public transport reform process in Cape Town that sought to restructure paratransit operators' businesses and incorporate them into a new service model. The contemporary phenomenon (Yin, 1994:1) that I studied and aimed to explain was operators' limited participation in the reform process. Below I set out motivations for using case study as the research strategy and a qualitative approach to researching the case and phenomenon, and I identify the procedures and sources of evidence that I utilised.

### Case study as research strategy

Aristotle believed in three “intellectual virtues,” or spheres of knowledge: *episteme*, analytical scientific knowledge, or universal truth; *techne*, technical knowledge or know-how; and *phronesis*, practical wisdom in social and political contexts. The contemporary planning theorist Flyvbjerg (2001) points out that *phronesis*, despite its roots in the works of one of the masters of the philosophical tradition, did not proceed to join *episteme* and *techne* in their domination of the academic endeavour. He suggests that *episteme* and *techne* have served natural science enquiry well in the positivist paradigm in their contributions to explanatory and predictive theory, but that the messiness and dynamism of social contexts do not necessarily allow for ready description or generalisation. In so doing Flyvbjerg points to the problematic application of the natural science-sourced positivist paradigm in social science research: human behaviour and social interaction are irregular and thus not easily controlled or measured and distilled to absolute truths, nor can the researcher claim a value-free, objective and “expert” perspective when conducting research amongst human subjects (Crook & Garratt, 2011; Guba & Lincoln, 1998; Somekh & Lewin, 2011). He motivates for a shift away from a binary position for or against the positivist paradigm in social science research, arguing instead that practical wisdom must form the basis of social inquiry. This practical knowledge he defines as a contextual understanding of practice, conflict and power. The purpose of such knowledge is to clarify the problems, risks and possibilities that humans and societies face.

Case study serves well as a strategy to build “inside” practical knowledge in a social context. Flyvbjerg's (1998) detailed report on the Aalborg Project is a seminal example of this. The Aalborg Project was a public sector-driven scheme initiated in the late 1970s to reorganise

public transport, traffic and land use in and around the historic centre of the Danish city of Aalborg. As a large-scale transport reform programme it initially seemed to satisfy the needs of multiple actors, though in the course of implementation few of the original aims were achieved. An analysis of the programme and its implementation, of who the involved actors were, or of what their attitudes were did not suffice to explain why the programme did not reach fruition. It was only by viewing programme and implementation in the context of values, interests and the practice of power that its failure could be adequately understood. This involved tracing where actual (not assumed) power lay, the roles of actors in supporting or blocking progress, their motivations for doing so, and their specific needs and desires. Flyvbjerg argues that if from the outset practical wisdom had been incorporated in project design, there would have been the potential for much learning around how failure might have been better avoided during implementation.

At a conceptual level there were parallels between the Aalborg Project and the public transport reform process in Cape Town that suggested the use of the case study as research strategy. The *project* was a transport reform programme. The *main actors* included national and local institutions with a hand in reform programme formulation and its implementation; in both there were also local public and private sector actors affected by implementation. The *outcomes* differed from the original *pre-determined aims*, yet reasons for certain actors' resistance to change were not apparent.

Besides conceptual similarities and the precedent that Flyvbjerg set in the urban transport arena, Yin (1994:9) offers specific grounds for selecting case study as a research strategy that motivated for its use in the case of public transport reform in Cape Town. Firstly, my research sought to answer "how" and (implicit) "why" questions: Why did paratransit operators not actively participate in public transport reform? Was their reluctance related to how government attempted to incorporate them in the reform endeavour or because it did not meet their needs and aspirations? How could the reform approach be revised? Secondly, it was an investigation into a contemporary set of real-life events. Thirdly, I had little or no control over these events. It was a reform process with both national and citywide dimensions, and as an outsider I had no control over events.

A last motivation for using case study as research approach is that it is a comprehensive strategy that relies on convergence between multiple sources of evidence (Yin, 1994:13). Separate investigations of the reform programme and implementation, of who the involved



actors were, or of what their attitudes were would not have sufficed to explain paratransit operators' limited participation in public transport reform in Cape Town. It was only by collectively investigating reform, ways in which it impacted on paratransit operators, and operators' specific aspirations and attitudes that their resistance could be understood and propositions around potential outcomes and ameliorating actions be drawn.

### **Qualitative face-to-face approach to engaging operators**

Paratransit operators and the associations they belong to are hard-to-reach research subjects. Operators do not have easily accessible contact numbers or business addresses, and are therefore difficult to reach without going through the association to which they belong. Associations are also difficult to access, as there is not a publicly available source of contact information. Jakoet's (2001) study demonstrated these challenges in practice. Operators furthermore have little choice but to belong to an association, whether due to legal requirements or to the territorial protection offered by associations, in return for which associations extract membership fees. As a result associations play a *de facto* regulatory role in controlling entry to the market, and effectively become gatekeepers to information and access. There are likely to be significant politics and power struggles, informed in no small part by years of territorial competition with rival associations and the historically adversarial relationship with government that Khosa (1992; 1995) reported. Trust and openness are consequently scarce commodities, which places the outsider researcher at a disadvantage. This offers a partial explanation for the small number of attempts, particularly of a structured nature, at gaining direct insight into the attitudes of paratransit operators (as reported in section 1.3 above).

A common approach employed in the transport arena to gather attitudinal data is to conduct a quantitative survey amongst a sample population, and then, in the positivist tradition, to formulate generalised recommendations from the results. In my earlier discussion of the studies by Jakoet (2001), Magubane & Manicom (2003) and Mashishi (2010) I pointed to practical limitations of this quantitative approach in the paratransit field. If the research universe is difficult to access, drawing a sample and assessing representivity are problematic, and surveys administered by mail or telephonically are not feasible due to lack of contact information. Face-to-face administration seems to hold greater promise, but the nature of the research topic still presented challenges to a quantitative approach. My research questions directed enquiry into reform policy-making and implementation, the relationship of

paratransit operators to policy and policy-makers, relationships and motivations within the paratransit sector, and alternative approaches to reform. A questionnaire allows for open-ended questions to be posed for more detailed exploration, but even so as a means of investigating inter-related and potentially hypothetical topics in depth it has limitations amongst a paratransit respondent group. The prior studies provided some guidance. Paratransit operators did not respond to the open-ended questions of Jakoet's questionnaire, while Magubane & Manicom's study contained contradictory results around topics of a hypothetical nature. Mashishi failed to directly discuss responses to open-ended questions, and focussed on quantifiable aspects.

In engaging operators I used a qualitative, face-to-face approach. Decisive issues proved to be the need to build trust and the need for in-depth exploration. I was guided in this by literature on qualitative approaches in the transport field (Arce, 2003; Clifton & Handy, 2003; Grosvenor, 1998; Morris & Adler, 2003) and discussions with specialists in ethnography, urban planning and educational research at the University of Cape Town. With trust being a central issue, it was crucial to engage operators face to face to establish trust directly, to be in a position to note non-verbal information that would allow me to identify issues underpinned by strong emotions, and to avoid, or steer away from, offensive or sensitive topics that could undermine trust. My physical presence would also allow me to guide the interview flow in order to best draw out responses to the research questions.

These considerations led to my selecting qualitative semi-structured interviewing to engage operators. A semi-structured interview is organised around topics, as opposed to only rigidly pre-defined questions, that would allow for sufficient flexibility to explore the multiple points of view that were likely to emerge in pursuing the complex subject of the research. Gillham (2000) defines this specifically as a *research* interview, as opposed to, for instance, a medical history, employment selection or market research interview. He argues that regardless of the type of interview, the expert interviewer will always have a structure in mind. Such an expert can apply the structure flexibly according to what emerges in the course of the interview, and thus the structured-unstructured polarity becomes somewhat arbitrary in practice.

## **Procedures and sources of evidence**

Studying the case of public transport reform in Cape Town and the phenomenon of limited paratransit operator participation in reform did not, however, rely only on conducting

interviews with operators. The case study involved multiple procedures<sup>5</sup> and sources of evidence, as per the guidance that Yin (1994) offers.

The first procedure was to identify alternative approaches to reform that could situate the Cape Town case. These alternatives could also be explored during the interviews and could inform potential revisions to the existing reform approach. Alternatives were identified by reviewing published literature on public transport reform as an over-arching concept, on different approaches through which paratransit or road-based public transport operations could be reformed, and on examples of such approaches employed in cities in Latin America and Sub-Saharan Africa. This review is presented in Chapter 2. One of the alternative approaches was based on the experience with reform in Nelson Mandela Bay. After opposition from the paratransit industry to the installation of a BRT system, from 2008 until 2011 the reform process in this city diverged substantially from the national and Cape Town approaches. Mr Paul Browning was involved as a consultant in the Nelson Mandela Bay process in these early years, and communication with him in person and via e-mail supplemented published literature on this approach.

The second procedure was to document the development of the South African national approach to paratransit reform since 1994, and how this approach unfolded in practice in Cape Town since its IPTN plan was unveiled in 2007. The procedure drew on primary and secondary sources, and its results are presented in Chapter 3. A key resource for this procedure was popular press articles. From April 2008 until June 2014 I selectively collected 557 such articles on paratransit regulatory matters, the TRP and PTS, and IPTN implementation. The main geographic focus was on Cape Town and national matters, with a subsidiary interest in Johannesburg and Nelson Mandela Bay. The majority of these articles focussed on the actions and reactions of public agencies, paratransit representative organisations and paratransit operators in relation to IPTN implementation. Another ongoing activity was my attendance at the Southern African Transport Conference (SATC) every year from 2007 to 2014. It provided the opportunity to monitor the same themes as in the popular press, but in this case drawing on my notes during presentation sessions, exchanges with practitioners and academics attending the event, and the conference proceedings.

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<sup>5</sup> Yin (1994) uses the term *procedures* to describe the detailed steps involved in data collection and interpretation, i.e. it is broadly synonymous with *research methods*.

*Moving South Africa* (DoT, 1999) was the only hard copy publication that served as evidence on national public transport reform. The remainder of national policy and reform programme documents were in electronic format, of which many were not in open circulation. I obtained available electronic publications from consultants who were involved in their production or acquainted with the original authors, through university colleagues who had them on record, and, least frequently, from internet archives. Notable amongst these is a copy of the NTTT report that I obtained from one of this report's authors, via e-mail. Despite substantial efforts I nonetheless could not unearth an official TRP report. This programme's aims and process had to be inferred from *Moving South Africa*, press articles, and academic publications such as the studies referred to in section 1.3 above. Periodic face-to-face discussions and e-mail exchanges with Mr Browning, another author of the NTTT's final report, were instrumental in clarifying gaps that published sources left on TRP formulation and implementation. A formal meeting with Mr Neville Dingle, an author of the NLTA, and Mr Browning at SATC in 2013 was key to clarifying the intentions of the Act with regard to paratransit reform and of the National Treasury in funding such reform. Face-to-face exchanges with Mr Philip van Ryneveld, a specialist consultant on municipal finance in South Africa who was involved in the development of the NLTA, also proved insightful on IPTN funding mechanisms and the early planning processes of Cape Town's IPTN.

There were a number of publications on transport planning and IPTN implementation in Cape Town that I used to construct the account of the operator transition process in this city. These were the City of Cape Town's 2007 and 2013 *Operating License Strategies* (CoCT, 2007a; 2013c) and its *Comprehensive Integrated Transport Plan* (CoCT, 2013d). Sources specific to the IPTN were the two MyCiTi business plans (CoCT, 2010; 2012) and the MyCiTi technical progress reports published monthly between December 2009 and November 2012, with a last issue published in February 2013. Though the MyCiTi documents were accessible online within months of their publication, the information on the operator transition and engagement process in them was scant. My popular press article collection proved to be a useful resource in addressing this shortcoming. Also of great value were periodic meetings and e-mail exchanges between 2010 and 2014 with one of the two industry transition facilitators on the first phase of MyCiTi, Mr Nico McLachlan. He facilitated the formation of Kidrogen ("Company B") and provided details of the transition process that were not clearly presented in the official documents or in the popular press.

The third procedure of the case study was preparing for and conducting interviews with paratransit operators. A key resource was Mr Thabiso Botha, who was a colleague of Mr McLachlan on the industry transition facilitation team for the first phase of MyCiTi. He was acquainted with a number of operators in Cape Town and elsewhere in the country, and served as intermediary to the interviews that I conducted. There are few people in the country as uniquely positioned as Mr Botha to provide the research (in my case) or practitioner (MyCiTi industry transition) spheres with informed background on, and access to, paratransit operators. Over meetings in 2011 preparatory to conducting the interviews, and immediately prior to and after the majority of interviews, he provided critical insights into the structure of the paratransit organisational hierarchy in the country and in Cape Town. This served a role in gaining insight into the manner in which paratransit operators might better be engaged around reform topics. Ms Siwe Coka, who represented certain operators in the second MyCiTi project phase, served as an intermediary during three additional interviews in 2013. This supplemented Mr Botha's contribution. I describe the method that I followed to conduct the interviews, including the differing roles of the two intermediaries, in Chapter 4. Operators' responses during the interviews were a key source of information for the case study, as were my notes made during and after the interviews on respondents' verbal and non-verbal responses. This is captured in Chapter 5.

The last procedure was to generate propositions from the data unearthed in the above-mentioned case study procedures that could be tested in further research. Punch (2005:16) distinguishes between such *theory generation* or *theory after* research, which is common in qualitative research, and *theory verification* or *theory before* research, which is often where quantitative research is directed. In the context of case study, Yin (1994:30-32) uses the equivalent terms of *analytic generalisation* and *statistical generalisation*, highlighting that case study specifically supports analytic generalisation (i.e. the generation of propositions).

The research questions formed the basis of generating the propositions. The research questions focussed on three inter-linked topics: government's approach to reform, the needs and aspirations of paratransit operators in the context of reform, and the opportunities to adjust reform so that there could be greater overlap between the reform process and operators' needs and aspirations. In order to generate propositions, I compared the key themes and prominent issues that operators raised during the interview process (the data collected in the third case study procedure) with the aims, process and outcomes of the government reform

process reform (the data from the second procedure). I also reflected on potential alternative reform approaches (the data emerging from the first procedure) as part of this process. Where it emerged that operators' needs and aspirations might continue to lead to their limited participation of reform, I proposed revisions to aspects of the existing reform approach, or alternative approaches. Where there were opportunities for greater participation, I proposed that there be increased focus on the aspects of the existing reform approach that could allow such greater participation to occur.

The propositions that I drew in the Cape Town case are presented and motivated in Chapter 6. This discussion is structured in three parts: the public sector's role in reform, paratransit industry considerations that could lead to greater participation in reform, and the prospects of reform implementation as an overarching process. In Chapter 7 I discuss ways in which these propositions could be generalised through further case research in other cities in South Africa and further afield where public transport reform processes involve the participation of paratransit operators.

## **1.6 DOCUMENT LAYOUT**

Chapter 1 introduces public transport reform in South Africa, identifies paratransit participation in reform as a key issue to improving public transport, and reviews prior studies of paratransit attitudes to reform in this country. This is followed by descriptions of the aims of the research and of the case study strategy that the research employed. In this chapter I motivate for studying the motivations and aspirations of paratransit operators, as well as the reform implementation process, in Cape Town as a revelatory case in relation to public transport reform that seeks to restructure paratransit operations.

Chapters 2 and 3 respond to the first research question on the approach that government took to public transport reform in Cape Town. In Chapter 2 I demonstrate that there are different approaches to restructuring or improving paratransit operations. This chapter draws on international literature to describe the concept of public transport reform and three dimensions along which such reform can be understood. Alternative approaches to public transport reform are then explored from a theoretical perspective, illustrated by case reviews of public transport and paratransit reform in seven cities in Sub-Saharan Africa and in Latin America. Drawing on the alternatives discussed in Chapter 2, Chapter 3 describes the contemporary approach to public transport reform in South Africa, the implementation of reform in Cape

Town, and the impacts on and reactions of paratransit operators in this city. The national discussion identifies key moments in the evolution of public transport reform since 1994, while the Cape Town discussion focuses on the engagement process between the local municipality and paratransit operators around their inclusion in the MyCiTi system.

Chapters 4 and 5 form a partial response to the second research question by identifying needs and aspirations, and attitudes to reform, amongst a selection of paratransit operator respondents in Cape Town. Chapter 4 describes the process of conducting and documenting interviews with paratransit operators in Cape Town. In this chapter I discuss respondent selection, interview framing, the challenge of gaining access to respondents, the critical role of the intermediaries in facilitating access, and the course of conducting and capturing the interviews in practice. I also reflect on how my expectations of the outcomes of the interviews changed in the course of preparing for and conducting the interviews. Chapter 5 presents the results of the interviews with paratransit operators. It firstly presents the attitudes, aspirations and needs that respondents voiced during the interviews, structured thematically. The chapter then discusses my observations on the non-verbal outcomes of the interviews. These observations centre on the issues of trust and on the hierarchical structure of the paratransit industry.

Chapter 6 completes the response to the second research question, and also offers the response to the third research question on ways in which the approach to reform could be adjusted to increase operators' participation therein. This chapter is structured in three parts: public sector considerations, operators' business aspirations and attitudes, and potential outcomes of the present approach to reform. Across these different aspects the chapter reflects on the alternative approaches to public transport reform from Chapter 2, reform implementation processes in South Africa and in Cape Town as discussed in Chapter 3, and the process and findings of interviews with operators in Cape Town as presented in Chapters 4 and 5. It identifies specific areas of convergence or divergence between operators' attitudes and the existing approach to reform, and against such constraints or opportunities suggests ways in which the reform approach could be adjusted.

Chapter 7 concludes with a discussion of the research findings in relation to the aims of the research. It also reflects on the contribution of the research, and on the implications of such contribution on further research in the arena of public transport reform both in other cities in South Africa and in contexts beyond these cities.

## **2 PUBLIC TRANSPORT REFORM: ALTERNATIVE APPROACHES AND INTERNATIONAL PERSPECTIVES**

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At its core this thesis was concerned with investigating paratransit operators' participation in public transport reform in Cape Town, and, if warranted, to motivate for revising the reform approach. Appropriately targeted reforms would stand a better chance of addressing the shortcomings of paratransit services by attracting larger numbers of operators to participate. There is a large body of international literature dedicated to public transport reform that could assist in unravelling different reform approaches and their impacts on operators.

In this chapter I review the literature from both theoretical and practical perspectives. In the first part of the chapter I discuss public transport reform as an over-arching concept, drawing out the different dimensions of reform. I subsequently identify different approaches through which paratransit or road-based public transport operations could be reformed. In the latter part I illustrate the different theoretical approaches to reform by reviewing cases of public transport and paratransit reform in seven cities in Sub-Saharan Africa and in Latin America. The chapter closes by drawing lessons from the different approaches and cases that could apply in the context of Cape Town's reform process and paratransit operators' participation therein.

This chapter serves two purposes. Its first purpose is to enable a characterisation of the approach to public transport reform in Cape Town, as discussed in Chapter 3. This underpins the response to the first research question around the approach that government took to incorporating paratransit in public transport reform. The second purpose of this chapter is to highlight alternatives that could be considered where it proves necessary or desirable to adjust the approach to reform in Cape Town to enable increased operator participation. I return to this discussion in Chapter 6.

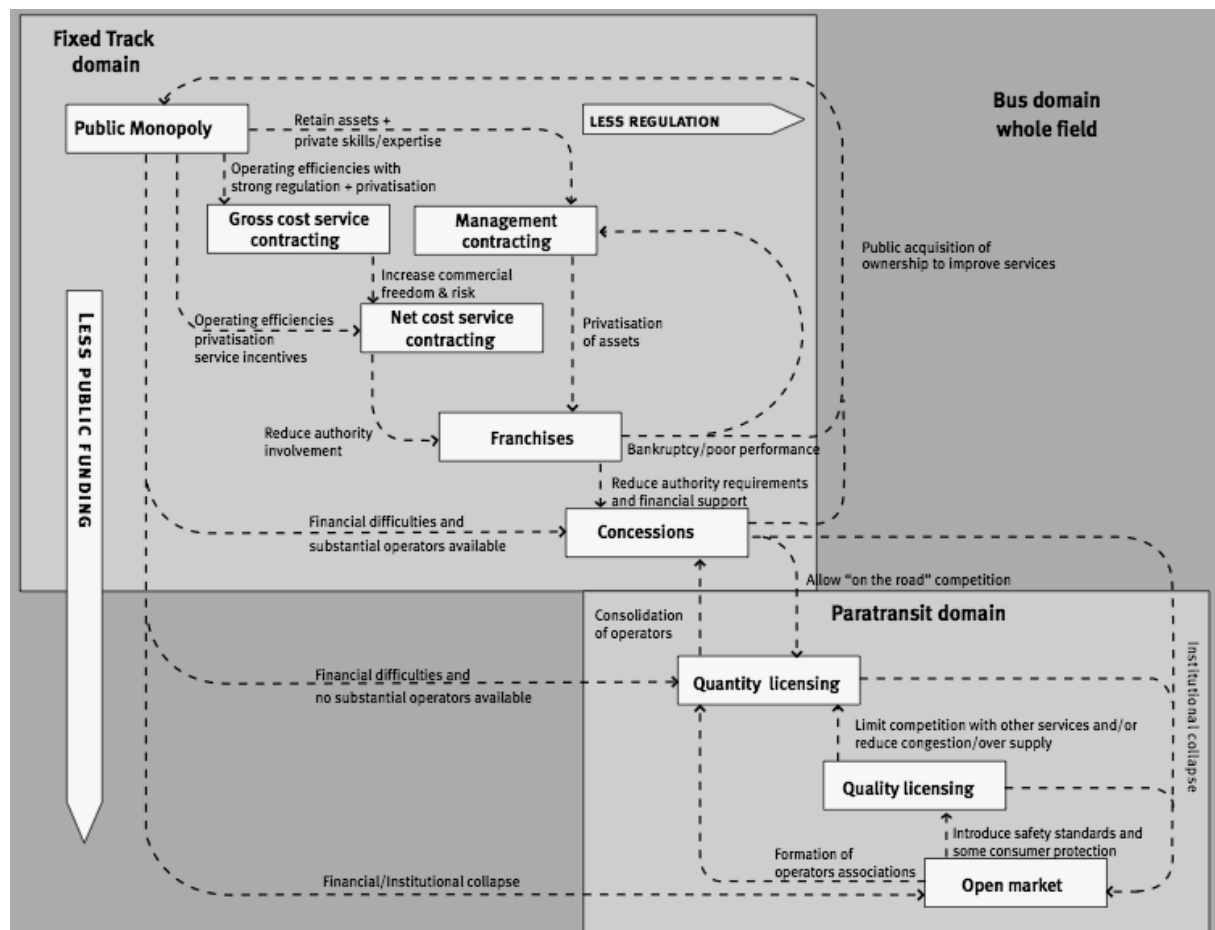
### **2.1 DIMENSIONS OF PUBLIC TRANSPORT REFORM**

There is a wide range of regulatory regimes that govern competition within and between public transport modes and that guide contracting and funding arrangements between public authorities and public transport operators. Gwilliam (2002, 2008), Halcrow Fox (2000), Meakin (2004), Turnbull (1999) and Walters & Jansson (2008) describe the characteristics and effects of these regimes. Regimes vary in the extent to which they draw on public authorities' institutional capacity and typically result in operators competing with one another



in one of two ways: operators compete either for the market (i.e. prior to licensing or contracting) or in the market (“on-the-road”). Regulatory regimes that rely on competition for the market typically require greater public authority involvement and include gross or net cost service contracting, management contracting, and franchising or concession arrangements, and typically rely on greater levels of public funding. Competition in the market is frequently found where there are low levels of public sector capacity or funds. Such on-the-road competition occurs where services operate in an open market, in instances where licences prescribe only requirements governing the quality of services, or where there are specific restrictions to fare levels or the total size of vehicle fleets.

Drawing on Halcrow Fox, Bayliss (2002) captured regulatory regimes in plotting a public authority’s level of involvement in competition regulation against its level of managerial and funding involvement (see Figure 2-1).



**Figure 2-1: Public transport regulatory regimes and transitions**

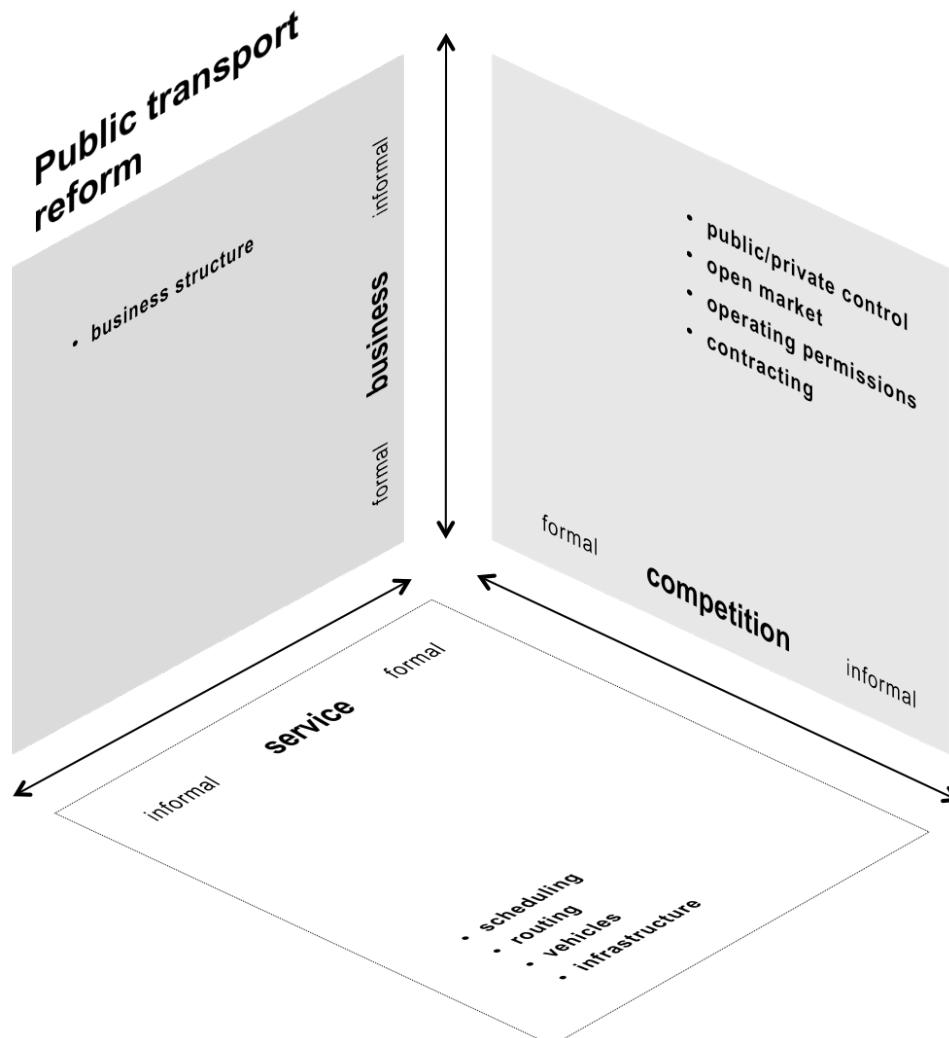
Source: Bayliss, 2002

Public monopolies are located at the end of the scale requiring the most public authority involvement, while at the other end open market competition requires the least public authority involvement. In a given public transport market each mode may be governed by a single, discrete regulatory system, or may be subject to a hybrid arrangement, which can change over time. As a hypothetical example, in one city there may be one set of road-based public transport services (Bayliss's "bus domain") regulated through concessions and another set of road-based services regulated through quality licensing.

In effect Bayliss sketches the playing field on which the public sector engages operators in order to deliver a service to passengers. Inherent in Bayliss's illustration, and supported by Gwilliam (2008), particularly in the road-based public transport sector, is that the relationship is dynamic. A regime transition may take place *by design*, e.g. the introduction of minimum safety standard regulations or through the restructuring of the ownership of operations, or due to unplanned or undesirable circumstances, for example bankruptcy or institutional collapse. While Bayliss focuses on the public sector perspective and the extent to which it intervenes in the market, Meakin (2004:14) adds the perspective of the operator: that the "task of regulation" is also determined by the composition of the operator industry, the incentives driving them, and whether policy matches or clashes with their interests.

The collective work of these authors suggests that there are different dimensions according to which public transport systems might be analysed, and the reform of such systems be approached (see Figure 2-2). Public transport reform in this sense would be a regime transition *by design*. A first dimension of such public transport reform is that of *modes and services*. This involves, amongst others, the infrastructure and vehicle type, whether the service is scheduled or not, and whether routes are fixed or not. This dimension is typically what a passenger experiences directly. A second dimension is that of *competition regulation*, and is the way in which the relationships between the public authority and the operator, and between operators, are mediated. This is the horizontal axis of Figure 2-1 above. Mediation may be by way of contract agreements, permissions (such as operating licences), in the open market subject only to general legislation, or even clandestine, i.e. without official sanction. The last dimension drawn from this literature is that of the *operator business structure*. This dimension plots whether the business is publicly or privately owned, the degree to which it is a formal enterprise, and the size of the business. Existing public transport operations, as well as the aims of a public transport reform programme, can be located in each of these three

dimensions. This would allow the extent to which an existing situation differs from a proposed future scenario envisaged in a reform programme to be assessed.



**Figure 2-2: Dimensions of public transport reform**

Figure 2-1 does not allow for informal modes to be plotted; that is, modes that are not publicly regulated and operate outside the law. It focuses on formal public transport, which is fully regulated and legally compliant. Understanding the degree to which a reform programme requires a shift along each of the dimensions from informal to formal would provide an indication of how complex the reform task might be. Figure 2-2 is an attempt to recognise such complexity.

Lest there be an impression that informality is necessarily “bad”, Gwilliam (2002:xiv) cautions that, in the context of passenger transport reform in developing world cities, the potential contribution of the paratransit sector should be mobilised rather than villainised. This is particularly due to the key role that paratransit already plays in responding to

dispersed yet significant passenger demand in such cities. The reform trajectory thus need not necessarily be from one extreme of the informal-formal scale to the other. Indeed, as Cervero (2000) points out, there is a spectrum of policy positions on paratransit. These span from tacit *acceptance* of the paratransit status quo (in effect ignoring paratransit), official *recognition* of paratransit, paratransit *regulation* by imposing external control to market entry, and outright *prohibition*. In the next section I present different approaches to public transport reform where paratransit is a major player in the market, mindful that each approach may require a greater or lesser shift along one or more of the aforementioned dimensions and may reflect a different policy position on paratransit.

## **2.2 ALTERNATIVE APPROACHES TO REFORM**

There is a range of mechanisms to reshape paratransit within public transport reform processes: as part of a multi-modal public transport renewal process; through the introduction of a new mode to replace or absorb paratransit; as a targeted programme specific to paratransit; or as any combination of these or other approaches. Regardless of the approach, a number of aspects ought to be considered when conceiving a paratransit reform strategy as these bear directly on the complexity of the task of reform. These aspects include the timing and interplay between the different components – be it financial, operational, infrastructural, or institutional – of the reform process, the roles assigned to the different role players in the process and how these roles might change, as well as the benefits and limitations of any approach. Regardless of the location, paratransit's readiness and capacity to change would likely present a key limiting, or enabling, factor.

This section presents an overview of potential approaches to paratransit reform. The aim is to highlight trade-offs within each of the discussed approaches in relation to the three dimensions of reform as presented above. The following approaches are explored: comprehensive BRT introduction and paratransit assimilation; a stepped paratransit transition and upgrading to more formal operations such as BRT or formal bus services; instituting a paratransit competition regulation regime through introducing franchises or concessions; and *in situ* paratransit service and regulatory improvements that materially change neither the ownership structures nor the competition regulation regimes. The presented approaches are not a comprehensive list of ideal models for reform, but rather a selection of diverse scenarios that should be part of the considerations of any agency embarking on a process to reform paratransit. The basis for selection was: the availability of published literature on the approach

to allow such trade-offs to be identified; evidence of reform implementation and its impact on paratransit operations in practice; and the involvement of paratransit-type services utilising minibuses or buses. The geographical focus was on approaches that had been tested or attempted in cities in Latin America, where much of the South African government's recent policy interest has been focussed (see below and in Chapter 3), and in Sub-Saharan Africa, where there are similar urbanisation patterns and public transport system structures compared to South Africa.

### **BRT implementation and paratransit assimilation**

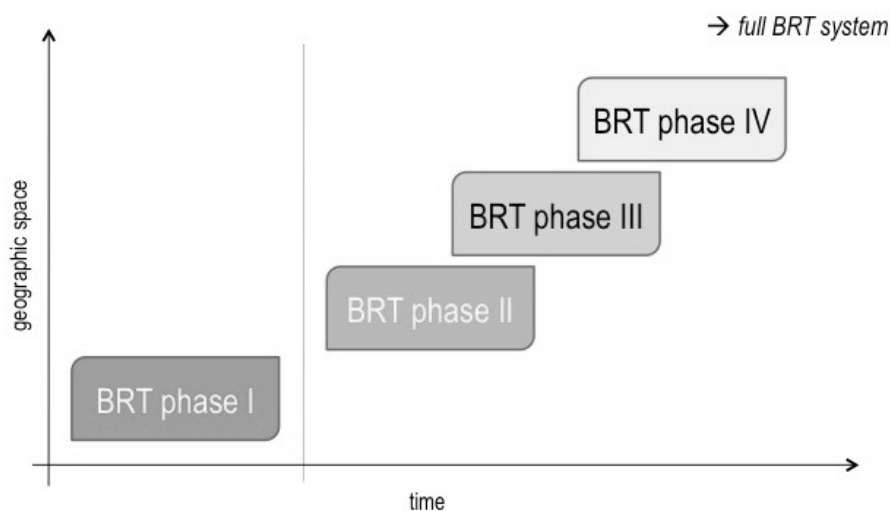
Comprehensive corporatisation of paratransit and its incorporation in BRT service provision lies at the core of the BRT concept as popularised in Latin America. Expansion of the *Rede Integrada de Transporte* (RIT, or Integrated Transport Network) in Curitiba in the 1970s saw the unveiling of what is now commonly referred to as the first BRT services (Institute for Transportation and Development Policy [ITDP] & Gesellschaft für Internationale Zusammenarbeit [GIZ], 2012). A refined “second wave” to include bus system innovations and paratransit was popularised in Bogota's *Transmilenio* system. The Bogota approach – BRT paired with incumbent operator upgrading – has since found its way to many other cities across the globe, including in the PTS in South Africa. This diffusion of BRT technology has been well documented (see Deng & Nelson, 2011; Mejia-Dugand *et al* (2013); and Wood, 2014a; 2014b).

This public transport reform approach typically aims to install comprehensive, citywide networks of high-quality bus services, which would replace and incorporate existing public transport services. In areas of high passenger demand (i.e. on “trunk”, or main, lines) dedicated road space and preferential treatment at intersections are commonly provided to increase bus travel speed. In low demand areas the services (so-called feeders and/or distributors) are less distinguishable from standard bus services, bar perhaps the unified vehicle and infrastructure branding matched to that of trunk services. Other system-wide features typically include cashless fare collection and central operational monitoring and management.

Development agencies such as the ITDP and GIZ (formerly GTZ) have done much to support the spread of the Bogota-type BRT concept internationally. These efforts have included the production and dissemination of guideline publications (e.g. Wright, 2003; 2004; 2011;

Wright & Hook, 2007). Amongst other parties, GIZ and ITDP identified that there was little consensus on what actually constituted BRT, and specifically good-quality BRT. In 2012 they produced a best-practice guide and scorecard, *The BRT Standard* (ITDP & GIZ, 2012; with annual revisions since). While a useful contribution towards a universal definition of BRT, it is heavily infrastructure-focussed. Noticeably absent are criteria around paratransit or other existing operator incorporation, which may be misleading. Without flagging the social impact on operators as a critical element of system planning, and the potential that such operators may scupper BRT implementation, cities planning to adopt or in the throes of developing BRT services may on paper achieve a gold score which, when put into context, may turn out to be unachievable.

Despite the conceptual debate around what constitutes BRT, in practice the BRT-led approach tends to conform to a particular logic. The total network plan is typically broken into project phases and corridors, which allows the complexity and cost of implementing the new services, and negotiations around the incorporation of existing services, to be spread geographically and over time (see Figure 2-3).



**Figure 2-3: BRT implementation and paratransit assimilation**

Much hinges on the first phase: it serves as a demonstration to convince the operators situated in other parts of the city that those from their ranks who were incorporated into the first phase are benefitting both financially and in terms of working conditions. It also demonstrates to funding authorities – be it national transport departments, central treasuries, or other agencies – that investment in further phases would be warranted. Indeed a key argument advanced in

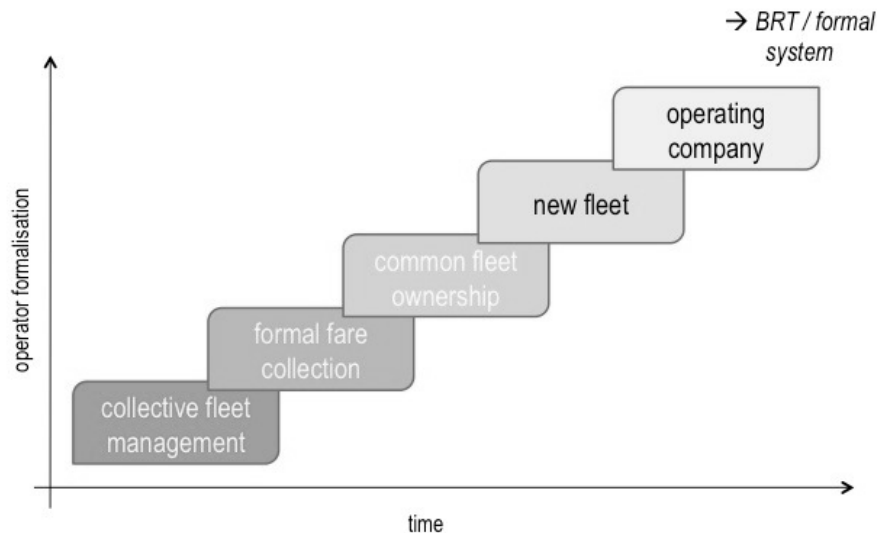
favour of what Browning (2009) refers to as “big bang” infrastructure-led approaches to public transport reform, compared to the more *in situ* approaches discussed later in this chapter, is that demonstrable service quality improvement is needed in the first phase to persuade political decision-makers to vote for additional funding for further phases (Wright 2009).

### **Stepped paratransit transition and upgrading**

A different approach to paratransit reform is that of a stepped transition to an improved or high-quality bus system that uses existing paratransit operations as a basis. This approach has been articulated by Browning (2001; 2006). It draws on Browning's observations of the South African paratransit sector and his involvement as consultant in the early years of IPTN implementation in the Nelson Mandela Bay Metropole. The approach proposes a step-by-step implementation, leading to an improved public transport system; but in contrast to the phased roll-out of a comprehensive BRT system, it follows an engagement process with a more flexible outcome that does not rely on the implementation of BRT concurrent to paratransit restructuring. This approach can nonetheless be employed to achieve a full BRT system, but instead of following an engagement trajectory with a fixed outcome (i.e. absorption into BRT operations), it provides paratransit operators with a way out of the engagement process at multiple points. Browning argues that if such a ‘back door’ is not there, paratransit operators would find it difficult to commit to large-scale change and would be unlikely to abandon their previous operating practices.

The stepped implementation programme comprises sequential steps that would span a number of years (see Figure 2-4). The first step of the process is that the authorities would support paratransit associations to form commercial entities (e.g. cooperatives or companies) with professional management to operate their existing vehicles. The costs of these operations would be covered through an interim vehicle management contract. In this step, paratransit owners would relinquish only the management of their vehicles and drivers to the management company. The aim of this initial step is to achieve a more orderly form of operations. This would involve negotiations to fairly allocate routes, vehicles and drivers to address differences between more and less lucrative routes and times of day. Up to this point vehicles remain the property of the original owners. Since the form of vehicle ownership is untouched, if the collective management scheme should collapse then owners could revert to their prior paratransit mode of operations. However, if collective management were

successful, the second step would be to introduce a cashless fare collection system. This separates cash from vehicle operations. Browning suggests that fare-box revenue should be handled by a separate company and disbursed to each operator, though it is also an option for the vehicle management company to collect fares. Regardless of the way in which fares are collected the transition must be handled transparently as it requires operators to remain convinced that their income is not being taken away from them.



**Figure 2-4: Stepped paratransit transition and upgrading**

This approach allows for more flexibility than that of a comprehensive BRT system. It could nevertheless result in the same outcome, in the form of a full specification BRT system, though this outcome would only be realised over a much longer timeframe. However, in a similar manner to the BRT-based approach, a stepped transition does not offer a guarantee of a successful reform programme. The assumptions that paratransit operators would necessarily be willing players throughout the reform process, and that the public implementing agency would have the requisite capacity to successfully complete all the steps of the upgrade process, may not reflect reality. Nevertheless, subdividing the transition into a sequence of more contained outcomes, and the fact that paratransit operators can opt out without having to surrender their businesses and vehicles simultaneously, reduce the risk of extensive investments in infrastructural or institutional reforms going to waste. It remains critical, though, that a positive relationship between government and paratransit is established, and that there is a long-term commitment to reform with the public authority as driving force. The possibility also exists that there could be a smaller scale of participation in collective management than would be required to achieve the economies of scale necessary to justify the



cost of change, and in turn, a reduced scope of improvements to the services offered to passengers.

### **Paratransit competition regulation through contractual agreements**

Two of the most problematic characteristics of paratransit operations have been the target system, in which drivers compete for passengers on the road in order to secure their income, and the limited capacity that public authorities have to plan, introduce or enforce competition regulation systems at the individual route level. A third approach to paratransit reform entails public authorities regulating competition on an area-based level, rather than at route level. Where there are existing or planned trunk transport services, this approach may also lend itself to the provision of feeder services to such trunk lines, but with a separate administration system. It is indeed not uncommon for paratransit to perform such a feeder function. Mechanisms of control that may achieve these aims include introducing franchises, concessions or even area-based net and gross cost agreements between the public authorities and paratransit associations. Barter (2008), Gwilliam (2002), Halcrow Fox (2000) and Meakin (2004) discuss the attributes of such contractual mechanisms of control in relation to public transport operations. Though Gwilliam, Halcrow Fox and Meakin point out that these mechanisms fall outside the “paratransit domain” (see Figure 2-1), there is value in discussing their application as potential alternative outcomes of paratransit reform.

This body of literature agrees that there are two types of franchising: the provision of services on specific routes, or franchises covering an area-based “package” (Meakin 2004:27) of routes. The type would depend on the size of the geographical area, though Barter warns that franchising is a cumbersome mechanism to regulate individual routes and might stifle network development (2008:106). In the instance of route packages, individual route development is largely left to operators to maximise both operational needs and the efficiency of passenger service, while the role of the public authority is to institute and monitor particular over-arching service requirements. There need not necessarily be a transfer of funds between the public authority and the operator – the latter could feasibly take the risk of both service development and fare collection (Halcrow Fox, 2000). The role of the authority is largely detached: the public agency’s involvement would be limited to specifying the desired fare levels and service requirements, and then monitoring the degree to which the franchisee’s performance matches these requirements. Franchise agreements can allow for unremunerated services, i.e. those that provide for particular categories of passengers such as pensioners or

scholars to travel free of charge or at reduced rates, to be included in the service package without impinging on the income of the operator. (In the case of typical paratransit services I would suggest that unremunerated services would be difficult to implement as there is usually no pre-existing mechanism to provide for payments between the authority and paratransit operators, and as a result the latter cannot afford to, or are unwilling to, provide special fares.) A franchising agreement ultimately takes detailed control of service provision out of the hands of the public authority. It could also provide the conditions for the franchise-holder to provide fare and service integration on the routes within the franchise area.

The term *concession* is used imprecisely in the literature, where it is at times equated to franchising or contracting. I follow the distinctions that Gwilliam (2002) and Halcrow Fox (2000) draw between franchises and concessions. In the case of a concession agreement, the operator is given the exclusive right to provide a service or set of services within a particular area, while different franchises may cover the same area. There is thus no competition on the road in a concession situation. Rather, the opportunity for competition arises only when operators can bid to be awarded an available concession. Under a concession agreement the operator takes complete financial responsibility for providing the concessioned services within the limits defined by the authority, with only a basic standard of service being imposed by the authority. These standards may include vehicle safety and livery standards and emission controls. In a franchise, the authority specifies the public transport service that is to be provided to a greater level of detail than in a concession, but must be prepared to cover the cost of such services. A concession arrangement removes the need for the public authority to intervene in technical, organisational and financial matters, though at the same time this limits its power to intervene in the service that is provided. The greater the influence that the public authority wants in terms of fares and the level of service that is to be provided – which is common in public transport reform programmes – the less effective a concession becomes and the more viable franchising becomes.

As with franchising and concessions, net and gross cost contract agreements would contain specifications of the desired service and of the roles of the authority and of the operator. Service specifications and roles can be negotiated between the parties. Under a net cost contract the operator would bear the risk for collecting sufficient fares to cover operational cost, while in a gross cost contract the authority would bear this risk and collect fares with some specification of the operator's cost targets. Due to these characteristics described by

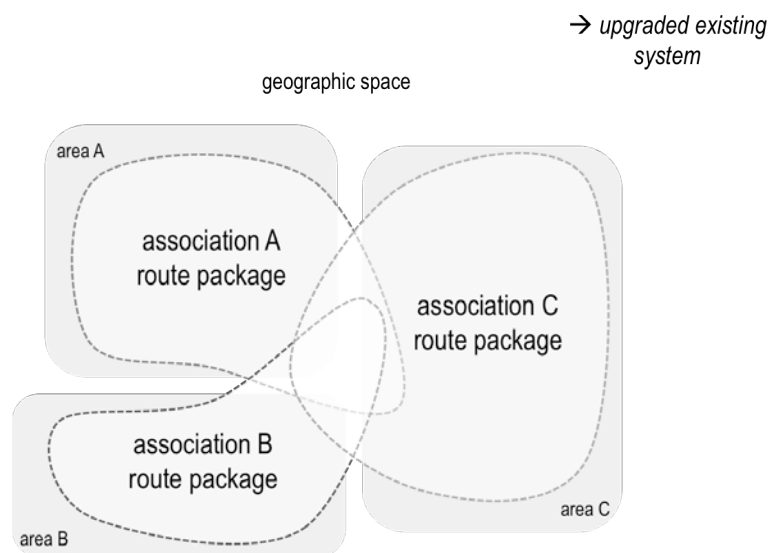
Gwilliam (2002), Halcrow Fox (2000) and Meakin (2004), net and gross cost contracts would require more active authority participation in terms of detailed service planning and contractual monitoring than franchises and concessions. In view of public authority capacity limitations I thus focus on the prospects of franchises and concessions.

Perhaps the most significant reason why franchises and concessions should be considerations in a reform programme is because they can match the existing territorial nature and internal structures of paratransit operations in South Africa. Paratransit operations in practice resemble *de facto* concession arrangements: public authorities take little or no direct responsibility for financial risk or specifying operations, and paratransit services are left to serve passenger demand and expand along with the city's physical boundaries. The associations to which individual operators belong serve a mediating and coordinating role amongst their members' businesses and routes, and in some cases also provide a degree of service quality monitoring. These collective organisations thus already perform roles at the operational, planning and regulatory levels; for example dispatching vehicles, maintaining ranking facilities, resolving conflicts, and developing routes (see, for instance, Cervero, 2000; Golub, 2005; Sohail, Maunder & Cavill, 2006).

Associations and operators also have a detailed understanding of the operational requirements and passenger demand in the areas in which they are active. These roles might be informal, i.e. without official recognition, but they nonetheless fit within what might be required of a franchise- or concession-holder. With some degree of recognition and support from the public sector, and where there are little overlapping interests between operator organisations, these roles could be formalised under a contractual agreement. This would match typically limited public sector capacity to develop the public transport market, but also provide a formal arrangement that recognises the critical, and self-motivated, role that paratransit services play in the urban setting. This in turn could form the basis of a constructive working relationship between often-oppositional government and paratransit interests.

The prospects of franchising agreements are perhaps more promising. The key appeal of franchising in the context of public transport reform in South Africa is that it is not wholesale change of the mode of operations; it matches the area-focussed structure of paratransit associations, yet it still allows for overlapping geographic responsibilities (see Figure 2-5). Overlap would, for instance, occur where different associations' routes meet in a central commercial district. While defining basic service standards, franchising also opens the

possibility for formal channels of financial flows between authorities and operators to be established. These channels allow for targeted subsidies to be introduced into the paratransit system. For passengers such a subsidy could, for instance, make it possible for discounted fares to be offered to scholars or other particular categories of travellers. The financial stability and incentive value that an operational subsidy offers could also be used to convince owners to move away from the existing target payment system and towards paying drivers a regular salary. The administration of such subsidies would impose costs on the public sector and would have to be written into and monitored as part of the franchise agreement, but could allow for some of the fundamental problems with the present format of paratransit services to be addressed.



**Figure 2-5: Paratransit competition regulation through franchising**

Franchises would require paratransit operator groupings to have the legal standing to enter into contractual agreements, but this could then be the focus of the reform programme rather than, for instance, infrastructural changes and the accompanying costs thereof. The need for monitoring of service standards would be critical to ensure that public funds are used effectively, which has implications for capacity in the responsible public sector authority. But this again could be a component of the reform programme and is, moreover, likely to be less onerous to administer than individual route licensing schemes or contracts. As with concessions, the political appeal of a franchise-based reform programme should be carefully considered as it focuses on behind-the-scenes changes that are not as visible as the introduction of a new mode of public transport. However, at the practical level both

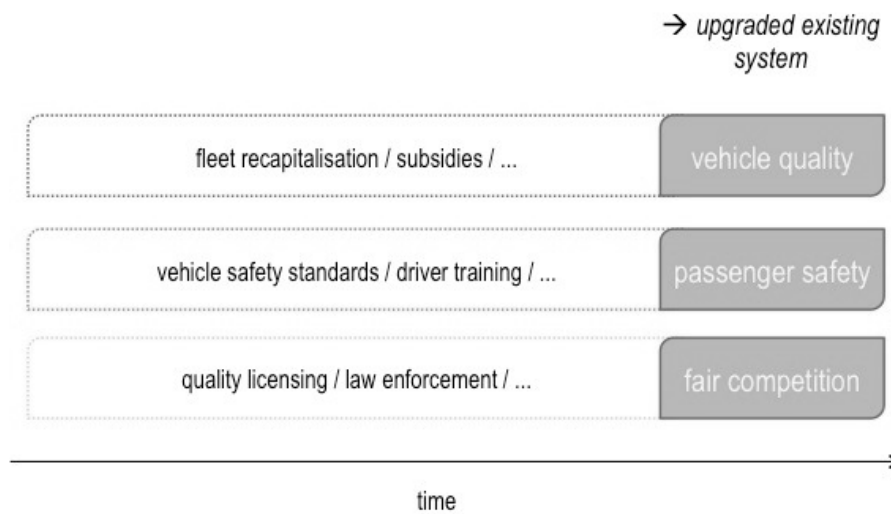
franchising and concession systems limit the need to grow public sector capacity to the same extent as, for instance, the comprehensive BRT-based reform approach, and offer a potentially less intimidating option around which to engage paratransit operators in comparison with a comprehensive modal and ownership structure overhaul.

### ***In situ* paratransit service and regulatory improvements**

A last approach to paratransit reform that I present is that of upgrading of existing operators. The starting point of this position is that paratransit operations are overly criticised, are more efficient and safe than generally suggested, and are minimally reliant on direct public funding. As such, paratransit should be supported and upgraded, rather than being replaced by new modes of public transport. Proponents of this position, such as Lomme (2008) in his analysis of paratransit regulation in South Africa, argue that market entry should preferably be deregulated to allow free competition between multiple operators, mediated by the ‘invisible hand of the market’. Such deregulation leads, amongst other benefits, to lower fares, reduced overall public expenditure, improved services, greater innovation, and a greater demand-responsiveness.

Cervero (2000), however, clearly acknowledges that paratransit services are not without problems. Aggressive on-the-road competition for passengers, dangerous driving behaviour, inefficient use of road space (particularly on longer distance routes), focussing mostly on lucrative routes (“cream-skimming”) and poor vehicle maintenance are all common features of paratransit operations. Cervero argues that such traits do not mean that authorities should regulate paratransit out of existence, but rather promote safety and fair competition, leaving matters of supply, service, and price to the market. Route associations have often come to fill the market entry regulation void, and thus serve a *de facto* regulatory function (as argued above). Despite the regulatory relief that this provides public authorities, there is still a role for governments to play in the setting and enforcing of requirements relating to operations, safety, vehicles and labour. From a public sector perspective, compliance with these requirements should be the only legal limitation to market entry (see Figure 2-6 for examples of policy aims, and the interventions that could lead to such aims being realised).

In line with arguments in favour of market entry deregulation and limiting public intervention to improving service quality and safety, this position argues that service diversity and competition with fixed-route scheduled public transport systems is desirable. Cervero (2000)



**Figure 2-6: *In situ* paratransit service and regulatory improvements**

argues that urban passenger transport markets benefit from an array of service and price options, rather than an economy of scale. The inherent flexibility and profit motivations of competing and diverse paratransit services make them market-responsive and more likely than public authorities to develop new services in response to changes in demand patterns (e.g. increased suburb-to-suburb movements, off-peak travel, or peripheral informal settlement growth). He suggests that where paratransit competes directly with scheduled bus or train services, the policy objective should be simply to ensure that they do so fairly.

### **Reform in context**

Each approach discussed above has a different focus, and similarly places different demands on institutional capacities, on available funding and on paratransit operators. I here refer back to the service, business and competition dimensions of reform mentioned earlier in the chapter, as well as to Cervero's spectrum of policy positions on paratransit; that is acceptance, recognition, regulation, and prohibition. Comprehensive BRT and paratransit integration is included in the discussion because of its dominance in the discourse in South Africa and elsewhere, and where conditions allow it does provide significant improvements to the passenger experience. However, it is a complex approach as it requires concurrent changes along all three dimensions of public transport reform: the mode of service delivery, the competition regulatory system, and paratransit ownership structures. A common policy position is implicitly or explicitly to prohibit paratransit services where BRT will be introduced. One reason for prohibition is that paratransit operators are expected to transition

to becoming the operators of BRT services. Another reason for such a move is to ensure the viability of BRT services by reducing competition within the public transport sphere (Wright & Hook, 2007).

A stepped approach to paratransit upgrading offers more flexibility than comprehensive BRT implementation, but may lead to a similarly high-quality bus system in the long run. It is nonetheless also an institutionally- and resource-intensive approach, and requires long-term political commitment for the full upgrading of paratransit to formal services. Similar to the BRT approach it requires changes in all dimensions of reform, though such changes would be *in situ* as opposed to concurrent. Ownership structures will be affected first and then increasingly formalised. Competition regulation will likewise change on a gradual and ongoing basis. Changes to services will, however, only be instituted later in the process. In effect the policy position on paratransit will start out being one of recognition, progressing through increasing regulation and, if full service formalisation is the aim as with the BRT approach, could ultimately lead to prohibition.

In contrast to the BRT and incremental improvement approaches, neither the franchise/concession approach nor the *in situ* improvement approach aims to replace paratransit services or institute a new mode of public transport. As such they may more closely match limitations within the public sector to manage reform and amongst paratransit operators to accept or internalise change. The *in situ* improvement approach does not involve ownership restructuring. It only implies a modest change to competition regulation in that there would be some basic standards that an operator would have to meet in order to receive an operating permission. The main reform would involve changes to the service that a passenger receives – e.g. a more comfortable and safer trip due to better vehicles and increased law enforcement – though such changes would also be relatively modest. The policy position would at base be one of recognition, with a small shift in the direction of regulation. There would furthermore be little incentive to change service coverage or frequency, and there is no mechanism for the public sector to intervene effectively in fare levels.

Franchising does offer a mechanism for public financial intervention and, though it is a form of formalisation, reflects much more closely the presence of, and role played by, paratransit operator associations. This approach has its limitations, especially in terms of monitoring the delivery of the services to which operators are contractually bound. Concessions are similar to

franchising in being a potential match for the structure of paratransit groupings, and also require a lesser level of involvement from the public authority in managing the day-to-day transport operations, though again likely not as low as that of the *in situ* improvement approach. Franchising and concessions present changes to all three dimensions of reform, though not as incisive as that of the BRT or stepped transition approaches. Passengers may benefit from increased frequency and quality of services, particularly if public financial support can be injected into operations. Competition regulation would arguably see the most in-depth change, moving from a free market or individual operating permissions to collective contractual obligations. These would most likely necessitate paratransit ownership structures undergoing some form of restructuring to ensure that they are able to enter into collective agreements, which would involve formalisation of intra-operator as well as operator-association relationships. Within the policy spectrum this approach sits between the aforementioned approaches, firmly in the realm of recognition.

None of these approaches are likely to remedy all of the problems common to paratransit services in their existing format. It may well be that a mixture of elements of each approach, matched to an in-depth understanding of local context and of the local practice of power, would offer the best chance of succeeding at improving or reforming paratransit services. However, this does not mean that nothing can be learnt from looking at international cases of public transport and paratransit reform in practice, particularly when assessed according to different reform dimensions.

## **2.3 PUBLIC TRANSPORT REFORM CASES IN LATIN AMERICA AND SUB-SAHARAN AFRICA**

The approaches to, and dimensions of, public transport reform provide ways for understanding the complexity of reform processes. With these frameworks as background, the study of the implementation and effects of public transport reform in different contexts is instructive in understanding the process by which policy becomes practice, and by which the practice of power becomes evident. In this section I review a selection of seven cases in Latin American and Sub-Saharan African cities where there were attempts at public transport reform and where paratransit was involved implicitly or explicitly. These reforms aimed broadly to achieve two goals, both of which affected existing paratransit operations. The first goal typically was to introduce a new public transport service that incorporated, competed with or displaced paratransit, while the second was to improve existing paratransit services



either comprehensively or through addressing selective aspects of their operations. These two goals were not necessarily mutually exclusive. Some reform agendas coordinated efforts to achieve both, while in other instances concurrent but separate projects targeted these goals. The outcomes of the reforms in practice reflect the complexity of the 'task of reform', the dimensions of public transport systems that the reforms sought to change, and the parties and individuals involved in the process.

The cases are clustered according to the approach, or approaches, to public transport reform taken in that city. Bogota boasts arguably the best-known case of BRT implementation and paratransit assimilation; this case is still central in the BRT discourse, but I also include it as it was formative in policy-making in South Africa. Dar es Salaam followed a similar path to that of Bogota, though the project is as yet still largely incomplete. The factors that led to its delayed progress are instructive, as is the difference between its approach to paratransit assimilation and that taken in Bogota.

Lagos lays claim to having the first operational BRT system in Sub-Saharan Africa, but as its 'BRT Lite' name suggests, it is not a high-specification BRT system. This alternative application of BRT, as well as its reliance on former paratransit operators to run most of the system, warrants its inclusion. As in Lagos, the Santiago case deviates from the mainstream BRT approach, and its incumbent operators were small bus operators, though with a strong resemblance to paratransit businesses. Dedicated lanes – key to trunk BRT operations – were absent initially, and new operations were packaged as trunk-and-feeder concessions, but the main distinguishing feature in Santiago is that the changeover from the old to the new services took place overnight across the entire city.

In the last decade and a half Mexico City has seen both an incremental paratransit improvement scheme unfolding and the first corridors of a BRT system reliant on existing bus and paratransit operations, with limited coordination between the two programmes. In all these aspects Mexico City has remarkable similarities to Cape Town, though closer inspection reveals an important difference in incumbent paratransit sector structure. Accra and Dakar, the last two cases that I present in this section, demonstrate elements of all of the approaches that I discussed above (bar the explicit mention of franchises or concessions in the case of Accra). In the case of Accra BRT services are but one of the desired outcomes of a multi-faceted stepped reform process, with institutional change being one of the core aims. In Dakar BRT is a far more distant prospect; rather, it offers a concrete example of both a stepped transition process and of application of concessions amongst paratransit operators.

## **Bogota**

Bogotá is often acclaimed as the first city to demonstrate that public transport systems in developing world cities can, through reassigning road space and reorganising existing operations into BRT trunk and feeder services, be revived within a relatively short timeframe and with a lower cost than traditional heavy rail-based technologies. Ardila-Gomez (2004) provides a detailed account in his doctoral thesis on the planning processes leading to the “speedy bus” (Ardila-Gomez, 2004:293), and eventually BRT, systems in the cities of Curitiba (in the period 1955-1995) and Bogota (from 1986 to 2001). He makes a number of important contributions to the public transport reform literature. Amongst others, his analysis is foremost concerned with power relations – the role of planners in mediating between political leaders and vested interests takes centre stage. He also illustrates that Bogota’s reform process was inspired by that in Curitiba, and, importantly, that there was one key figure who had a direct hand in transferring the reform concept, shaping it into a more locally acceptable package, and driving the implementation process: the city’s mayor at the time, Enrique Peñalosa.

In practice the Transmilénio BRT system nevertheless encountered, and is still plagued by, significant difficulties, including overcrowding, delays, pick pocketing, and political interference. In addition, Transmilénio seems not to have realised its initial aims of alleviating the plight of the poor, as core routes have been concentrated primarily in higher income areas (Gilbert, 2008; “¿Por qué colapsó Transmilénio?”, 2014). Critically, the continued presence of paratransit operations overshadowing Transmilénio, in terms of fleet size and number of routes, and the lack of integration between the two systems, must temper expectations around what it has achieved (Muñoz and Gschwender, 2008; Alcaldia Mayor de Bogota, 2011). While the two-year timeframe (Jan 1999 to Dec 2000) for the planning and construction for the first part of the first phase of the system is an attractive prospect for such a major intervention from a political point of view, the intensive processes of negotiations with the public and with operators that preceded Transmilénio implementation is not often publicised. Ardila-Gomez (2004) documented that there were more than 300 meetings with the public on the Transmilénio project alone; that the preliminary planning was in progress early in 1998, but that the complete first phase was only finished four years after that; and that negotiations and consultation with “bus” companies to implement busways had already been underway as early as 1990.

Before Transmilénio, paratransit operations provided public transport in the city. Rather than associations, the operating licences were held by 64 of these bus companies, who rented out rights to operate on routes to individual vehicle owners. These companies were the *de facto* regulators in their role as brokering agents for public transport services in the city. Once one company convinced some of the others to collectively bid for a Transmilénio concession, the others were soon to follow. In the end all except four of the bus companies merged into four bidding groups for the first phase Transmilénio operating contracts. After the first phase became operational, the promise of greater profits in the first phase have been realised, but Gilbert (2008) points out that the new bus companies, as with their paratransit predecessors, once again exhibit cartel-like practices. The new companies also exert political pressure to guard against change and prevent the total eradication of paratransit operations, whether legal or illegal, in which they still have a stake.

## **Dar es Salaam**

The city council of the financial capital of Tanzania, Dar es Salaam, commenced in 2003 with planning a BRT system. The World Bank committed funding for the first phase of the Dar es Salaam Rapid Transit (DART) project and the Institute of Transport Development Policy (ITDP) supported project planning. The first project phase was planned to comprise one trunk route with stations and to replace an estimated 48 paratransit routes and 1 500 vehicles, while the overall system was proposed to span multiple trunk and feeder routes totalling 130km of dedicated busways. Besides increasing the quality of the public transport offering, the project also planned gradually to replace paratransit services, which are seen as one of the main contributors to congestion on the city's limited road capacity. Paratransit in the city is dominated by small buses with a capacity of 40 seated passengers, though prior to the introduction of a ban on buses with a seating capacity of less than 25 persons in the city centre the fleet was dominated by 17-seater minibuses (DART, 2014; Mfinanga, 2008). The DART project initially encouraged paratransit operators to form consortiums to bid for service contracts, with the proviso that international bidders must partner with local consortiums.

Roll-out of the DART project has been slow – construction of the first phase only commenced in 2010 after a World Bank loan to fund construction was approved in 2008. Rizzo (2014) suggests a lack of political will on the part of the Tanzanian government as a contributing factor to the project's difficulty in gaining traction. Also, the first publicly available project documentation that allowed insight into how paratransit operators would be affected and BRT

operations be structured – the *Phase 1 Project information memorandum* (DART 2014) – was only released in 2014 after the appointment of Dutch consultants. As per that report, projections are that a 15km portion of first phase trunk route should have been ready to become operational by end-2014, while operations on the complete trunk route are planned to start running in 2015. Should this timeline materialise it will have taken 12 years from the initial project planning to the first services opening.

The current proposal is that paratransit operating licences aligning with DART routes will be cancelled or issued for a non-renewable 12-month period, and that these operators will be given alternative routes. The official view is that the rapidly expanding suburbs will offer sufficient opportunity for most of these operators to continue to ply their trade. The expectation is that the remainder of affected operators will accept withdrawing entirely from the public transport sector: unlike many other parts of the world paratransit operators in Dar es Salaam are weakly organised (DART, 2014:38). With support from DART and the government transport authority operators are being strongly encouraged to form route associations, during which process they will be encouraged to build ties with local or international groupings that might bid for operating DART. Once the tendering process for operations opens it will encourage bids that include parties with local operating knowledge, but it has been made clear to paratransit operators that they will not be treated preferentially. Paratransit could thus foreseeably be side-lined completely by the reform project, or be included if they take collective action. Given the project history it is more likely that paratransit operators will be excluded.

Moreover, despite expectations the impact of DART on present paratransit users may not necessarily be positive. Key features of existing paratransit operations, as the DART memorandum itself recognises, are that paratransit passengers typically do not have to transfer and that normal paratransit fares are extremely low. Paratransit fares in Dar es Salaam are rather uniquely set by the government, which includes a directive that scholars must travel for half of the standard (and already low) fare. In comparing the map of paratransit routes with that of the trunk and feeder BRT system in the memorandum, it seems likely that there will be an increased need for transfer, which inconveniences passengers. (The Santiago case that I described previously offered an extreme example of the impact that such a change can have on, and the backlash from, passengers). Also, while the 50% student discount will still apply, the indicated single trip fare on DART is 20% higher than the current paratransit base

fare (TZS500 vs TZS400). Evidently passengers will have to pay for the increased standard of service. As the memorandum does not comment on how DART operating costs will be structured it is unclear if a public sector subsidy might alleviate the potential impact on passengers' pockets. Taking into consideration the fact that the government borrowed from the World Bank to fund the capital outlay for DART, it is unlikely that operating subsidies will materialise.

## **Lagos**

Lagos, the largest city in Sub-Saharan Africa and economically dominant in Nigeria, launched an enhanced bus system in 2008 under the auspices of the then newly established Lagos Metropolitan Area Transport Authority (LAMATA). Mobereola (2009) traces the circumstances and process of the system's introduction. The "BRT Lite" service, as it is called, can lay claim to being the first BRT-type enhanced bus service in Sub-Saharan Africa – much like Curitiba's system is to Latin America. The system omitted level boarding, continuous exclusive rights-of-way, and enclosed stations, amongst other features commonly found in full-specification, or "gold standard" BRT systems; hence its name.

As Mobereola notes, prior to its launch there was no mass transit system in the city, and familiar transport challenges such as limited road space, a large fleet of private vehicles, and high levels of traffic congestion were ubiquitous. Public transport service was dominated by fragmented paratransit operations. These included a fleet of around 75 000 minibuses (immense by any standard) as well as smaller fleets of midi-buses and shared taxis. The mini- and midi-bus services reflected many common paratransit ailments. Route development was driven by where the greatest profit could be derived, drivers competed aggressively on the road, and vehicles were in a poor state of repair, offering a low quality ride for passengers at volatile fares. Also not unusual was that a paratransit collective body, the National Union of Road Transport Workers (NURTW), held sway as the dominant regulator of urban public transport. The Road Transport Employers Association of Nigeria (RTEAN) was also a powerful player, though its constituency was drawn from the owners of large bus and inter-urban operations.

Following national and state elections in 1999, the Lagos Urban Transport Project was initiated with assistance from the World Bank. It led to the establishment of LAMATA, which assumed jurisdictional responsibility for major roads, public transport planning and

coordination, and subsequently initiated the BRT Lite project. The task of LAMATA was to intervene again in NURTW's sphere of influence against the background of previous failed engagement with NURTW and RTEAN around formalising public transport. Fortuitously for LAMATA, the latter had already recognised the need to upgrade vehicles and satisfy unmet demand. LAMATA prepared regulations that would exclude all operations bar those of BRT Lite from the dedicated infrastructure that was to be built, and NURTW was drawn in to advise on suitable buses and ultimately to purchase the majority of the initial bus fleet (100 of 125 buses). NURTW became the main operator in the system, with its members retraining to drive the new buses, while Lagbus, a Lagos State-regulated franchised bus system launched in 2007 (Lagbus, 2014), became a minority operator running express services. The system proved so popular that the bus fleet was soon doubled with vehicles leased from Lagbus.

In effect, the BRT Lite project provided the financial incentive for NURTW to entertain the change that LAMATA was proposing. No existing paratransit services had to be withdrawn; rather, they were only excluded from using the BRT Lite lanes. As such, BRT Lite provided NURTW with a new income stream. This resolved much of the political challenge that the project faced. Moreover, passenger demand on the corridor was such that a new service was warranted – forecasts at the time suggested that at least 300 buses would be needed. From a project planning point of view, a benefit of the basic specification of the bus system was that it led to a rapid implementation period of the pilot corridor. Due to the design of the infrastructure there have been operational problems – notably right-of-way conflicts and slow operating speeds – though it still offers travel-time savings. The basic level of specifications significantly reduced implementation costs, but there is a concomitant lower standard of service to passengers.

## **Santiago**

As documented by Muñoz & Gschwender (2008), successive measures in the 20<sup>th</sup> century to formalise existing road-based public transport in Santiago, including the rationalisation of bus numbers and the introduction of a 10-year limit on the age of vehicles, failed to wrest control of bus routes from the industry's owner cooperatives and led to demonstrations and blockades by the sector. However, high operating costs brought on by an oversupply of services and long, direct routes spurred public intervention in the form of the new Transantiago bus system. Transantiago intended to link into the rail system, with a modal shift from private to

public modes encouraged through specific travel limitations on private vehicles where necessary.

The preliminary design of Transantiago envisaged a road-based trunk and feeder network with the Metro underground rail system as the backbone. It was anticipated that the total vehicle fleet would comprise 4,600 buses, a reduction of nearly 43% compared to the existing bus fleet. The fleet of primarily new buses was intended to replace all old buses across the city on a single day, with routes being bundled into trunk and feeder ‘packages’. For the feeder network the city was divided into 10 areas, with a new company to be formed that would operate services to the trunk and Metro lines in each of these areas. Trunk lines were to be on major corridors, grouped into five operational units each, also to be run by a new company and aligned with two of the feeder areas. Segregated bus corridors were initially planned, but in a widely criticised move the government postponed this step in favour of extending the Metro in the course of 2004-2006 and constructing four new urban highways in the same period. However, even without the segregated corridors, the plan was still ambitious: the entire new system was to become operational on a single day (as opposed to the more common phased approach).

Despite the abrupt changeover in the service model, the business model for Transantiago relied on a mixture of new (foreign or local) and incumbent operators, allowing for the gradual replacement of the fleet, augmented by rented buses in the interim period. This model was also necessitated by the significant and concentrated demand for new buses, which could not be accommodated by the bus manufacturing capacity across the South American continent. It was the common expectation at the time that the trunk route concessions were being aimed at foreign operators, with feeder services falling to existing local operators. It is notable that the public were against the inclusion of operators from the small bus owner cooperatives, but no legal grounds could be found for excluding these operators. Successful operators were guaranteed a minimum income and a concession period of at least two years, with various determinations to stabilise fare levels and revenue. One of these determinations was an agreement to introduce measures to limit car use to increase ridership, which was curious in view of the new freeways that were being constructed during the implementation period.

The changeover from direct routes to interchanging trunk and feeder routes occurred on 10 February 2007, coinciding with a drop in public transport ridership demand during the

peak holiday season. This placed great demands on both local operators and public authorities. There was a lack of user information and smart card recharge points, and widespread confusion about the new route structure ensued. The absence of dedicated lanes also undermined the reliability of the system and reduced the potential for travel time improvements. It is notable that it is primarily negative sentiment from the travelling public, rather than from the operators, that shaped the poor image of this phase of the Transantiago project. The Metro system suffered in turn, due to overloading, a drop in operating speeds (passengers had difficulty in boarding and alighting), and consequent travel time increases. From the operators' perspective, a positive outcome was that almost all objectives for improving drivers' working conditions were achieved.

From the public sector perspective, the reform proved that citywide cartels – the bus collectives – could be broken up through concerted effort. However, these changes came at a cost: even though operators were guaranteed their income level, Transantiago was initially running at a deficit of 35% due to low fares, a long free transfer period, the insufficient number of recharge points, and fare evasion amongst disgruntled passengers (Muñoz & Gschwender, 2008). The biggest problem, though, remains the so-called “big bang” approach of the planning authorities. The cost and risk of a single, system-wide transition requires large-scale institutional, technical and operator capacity and commitment. Widespread public disapproval had significant political implications, even at the national level, and the case of Santiago suggests that a more balanced, phased approach to reform is more desirable from a multitude of perspectives.

## **Mexico City**

In Mexico City two public transport reform programmes have been underway since the 2000s. The first is a paratransit fleet renewal scheme initiated around 2000 and still in operation. Operators of the estimated fleet of 22 850 mostly obsolete minibuses (*peseros*) in the city could scrap their licensed, pre-1995 vehicle and receive a MXN100 000 (±USD7 500) allowance to purchase a government-approved larger bus (Flores & Zegras, 2012; Secretaria de Transportes y Vialidad [Setravi], 2014). Mexico City is well-known for its air pollution problems, and a key motivation behind the renewal scheme was to reduce paratransit's contribution to these emissions. Other motivations included improving the service to and safety of passengers, and increasing operators' regulatory adherence (Setravi, 2014). The scheme has been slow to get off the ground – by May 2013 only 4 000 vehicles had been



replaced (“Requieren continuar con ...”, 2013). The reason behind the slow progress appears to relate both to the public sector’s difficulty in securing funding assistance for bus purchases, and to operator resistance to change.

As reported by Lara (2014), in 2000, Setravi, the city’s transport and roads authority, approached the World Bank, the International Monetary Fund and the Inter-American Development Bank to provide loans through which operators could finance the balance of the purchase price of a new bus. These agencies thought the risk of non-payment too great, as did three vehicle manufacturers subsequently approached by Setravi in 2002. As an alternative to outside funding, in 2001 the authority drew on public sources to create a dedicated fund to provide credit to operators. In 2012, the national development bank, NAFINSA, and the local government joined forces to draw up and fund a revitalisation project comprising four initial corridors on which only new buses would be allowed to operate (Lara, 2014). Setravi in 2013 renewed its commitment to the scrapping programme, undertaking to scrap and replace at least 20 000 of the old paratransit minibuses in the 2013-2018 period, and link this scrapping with the corridor development plan that will eventually span 30 corridors in the city (“Programa Integral de ...”, 2013).

The second programme is that which led to the first corridor of Metrobús, Mexico City’s BRT system, being unveiled in 2005, and subsequently expanded to include two more corridors by 2011. Flores & Zegras (2012) provide a detailed account and analysis of the process leading up to these corridors being established. Metrobús was inspired by Transmilénio in Bogotá, but Andres Manuel Lopez Obrador, Mexico City’s mayor during the initial planning stages, was sceptical of its political feasibility. As it ostensibly required little public funding he nonetheless agreed to it being investigated. The proposal that was subsequently accepted was that incumbent paratransit operators would, in exchange for surrendering their operating permissions and the proceeds from the scrapping their old vehicles under the aforementioned programme, become the shareholders in a new company and be awarded the BRT operating contract. The scrapping proceeds would become the deposit for the new vehicles. The public bus company, RTP, also operated on the corridor, and would become a minor, if separate, operator in the scheme. The corridor was dominated by one route organisation (*Ruta 2*) that, though initially interested in participating, was not confident in the BRT scheme’s prospects for success. A dissident group within *Ruta 2* subsequently engaged directly with government, overthrew the established leadership and, led by one well-educated paratransit operator

(formerly a government employee), mobilised support for BRT. This proved a decisive moment.

Once the BRT service started running it was, however, very quickly apparent that the system would require operating subsidy even though this corridor had high passenger demand (250 900 daily passengers [Flores & Zegras, 2012:10]). Operational difficulties and scrapped vehicles supposedly reappearing on the roads added to not meeting financial expectations. In the later corridors, due to the larger number of operators and route organisations involved, negotiations became more complex as not all operators could be accommodated inside the project and profits were far more strained. As a result even more operating subsidy was required, which was partly covered by having the public bus company component of BRT operations run at a greater and greater deficit. In the third corridor the government had to force paratransit operators to partner with a private bus company to reduce public bus company's exposure to absorbing operating losses. This caused an uproar amongst paratransit groupings, though the private bus company essentially offering to pay them to become sleeping partners overcame much of the resistance. This meant that there was no true reform to paratransit operations on the third corridor. Ultimately Flores & Zegras (2012) point out that Mexico City's "fostering" approach to paratransit reform – bending to operators' needs and demands, rather than more forceful strategies – has come at a cost. The operating subsidy bill essentially services the initial deals that were made to shield operators from financial harm. Moreover, the substantial effort and financial resources required to remove only 900 of the 22 850 – or just under 4% – of the city's paratransit vehicles off the city's roads over a 6-year period raise concerns over the overall sustainability of the approach

## **Accra**

Finn (2008) documented the history and processes of public transport reform involving paratransit in a number of cities around the world, including in Accra, the capital of Ghana. Paratransit operators in this city were historically self-regulating: minibuss operators would join a union, and paratransit unions were organised at route level. The strongest of these unions was the national Ghana Private Road Transport Union (GPRTU), with regional and local branches. The remainder of public transport services were run by smaller paratransit associations and a few small bus companies. The latter were also structured under a union, the Ghana Road Transport Consultative Council (GRTCC). Distinguishing characteristics of paratransit operations in Accra, and Ghana in general, were that operations are generally

point-to-point along fixed routes, with the majority of passengers having to board at terminals as vehicles depart only when full. Also, the sector was not plagued by violent internal territorial disputes. A further sign of a more stable than typical paratransit industry was that travel fares were negotiated between government and the unions. With such an unusually amicable relationship between government and paratransit, it came as no surprise that the introduction in 2006-2007 of a mandatory commercial vehicle roadworthy process was met with a noticeable overall improvement in the condition of paratransit vehicles. One bone of contention that arose was the introduction in the early 2000s of a partially government-owned scheduled bus service on the more popular routes in the city, which increasingly displaced paratransit operators on these routes. The government viewed the buses as serving a different passenger market, yet with the buses receiving public subsidy operators cried foul. Nonetheless, the significant urban growth in the city did offer such operators the opportunity to develop new services.

In the period 2007 to 2012 the national government, with support from the World Bank, planned the Ghana Urban Transport Project (GUTP), a large-scale public transport reform programme to promote existing modes as well as BRT. This multi-pronged approach aimed to incorporate existing bus and paratransit operations in a comprehensive planning and licensing framework. Key to the approach was the strengthening of the regulatory capacity through the creation of a transport authority over Greater Accra. Services would be streamlined with demand, which would be achieved through encouraging paratransit operators to use larger buses on main arterials. A BRT demonstration corridor was also planned, which included support services by scheduled buses and paratransit vehicles. The options given to paratransit operators were to improve their vehicles and continue existing services, to develop feeder and local bus services, or to compete for core bus services by formalising operations. The expectation was that paratransit would eventually be replaced by formal services, much of which would be operated by former paratransit operators.

The project has achieved moderate success, if with some delays (see Finn, 2012; World Bank 2012; 2013, 2015). In 2011 registration and licencing of existing bus and paratransit operations commenced. Construction of the pilot corridor of the BRT service was initiated, but only two bridges were constructed by the planned end date of the project in December 2012. Cost overruns meant that insufficient funds remained for the terminals, depots and feeder routes of the pilot BRT system to be constructed. While an interim planning and

regulating entity had been created, the fully-fledged transport authority was not established by end-2012, which in the view of the World Bank was critical to the success of the project, though far less costly than the physical infrastructure (World Bank 2012). As a result the project underwent significant restructuring. To allow additional time for the institutional changes to take place and the BRT corridor to be completed, the envisaged end date was pushed out by two years to December 2014. The transport authority, the Greater Accra Public Transport Executive, was established by this date, while construction on the BRT component was delayed due to heavy rains and the end date again revised. However, buses have been procured, and the corridor component is envisaged to become operational by December 2015 (World Bank, 2015).

## **Dakar**

Kumar & Diou (2010) reported in detail on the reform process in Dakar, and on the public transport situation in this city prior to reform. Public transport in Dakar, the capital of Senegal, was delivered by a mix of formal modes and paratransit service with a history similar to that of many other cities in Sub-Saharan Africa. By the end of the 20<sup>th</sup> century the state-owned bus company SOTRAC, with its roots in the colonial period, was forced to declare bankruptcy due to mismanagement and unsustainable fare levels. Paratransit increasingly filled the void left by scheduled services, which besides the aforementioned SOTRAC, included a small-scale state-owned suburban rail service (which is still in operation). However, a persistent issue with paratransit services was the vehicles' poor state of repair and significantly out-of-date technology.

Recognising the need to address the deteriorating public transport situation in the city, in 1997 the national government established CETUD (the Dakar Urban Transport Executive Council), with a mandate to reorganise and improve the regulation of public transport. One outcome of the government's renewed interest in public transport was the creation of a new majority state-owned bus company, Dakar Dem Dikk (DDD), and the transfer of SOTRAC's assets to this new entity. The reinvention of the bus company has not been a success. Also, despite an operating subsidy that partially compensated for low fares, DDD has not wrested control of the market from paratransit. In 2004 its initial fleet of 60 buses had shrunk to 40, and out of an additional 409 new buses acquired in 2008, by 2010 only 300 were able to provide daily service. It was furthermore estimated that the number of paratransit vehicles on the road in Dakar – around 3 000 – was ten times that of DDD's circulating buses in 2010.

Another outcome of government's efforts since CETUD's launch was a paratransit vehicle renewal scheme linked with route concessions. The renewal scheme, partly funded by the World Bank, involved a leasing facility through which paratransit owners could acquire new vehicles. Existing fragmented ownership proved a barrier to uptake of the programme, until CETUD started engaging operators in 2002 and assisted them to restructure their businesses. The resulting process led to the formation of 13 'economic groupings', or collectives, involving a total of 245 individual operators. The collectives in turn formed a joint financing association. On behalf of the financing association the government procured 505 buses from India with the proviso that parts had to be available in Senegal and that the vehicles have a 5-year or 200 000km warranty. The association owned these buses and leased them to the individual collectives. The collectives had to put forward a 25% deposit of the vehicle cost, and would be responsible for repaying the loans – provided by the World Bank – covering the remaining 75% of the cost of the vehicles over five years. The collectives furthermore had to undertake to maintain vehicles, and for each new bus an old minibus had to be surrendered for scrapping. In relation to competition regulation each collective was offered a formal route concession for five years, which specified fares and routes amongst other obligations, and received technical support and training to meet the concession requirements.

The upgrade programme initially proceeded slowly as most operators had difficulty raising the deposits. To resolve this problem the financing association was assisted in initially obtaining credit from a local commercial bank, and later from a state-owned development bank, from which the collectives could borrow funds over four and a half years to cover the vehicle deposits. With this barrier also addressed, over the period 2005-2008 the full 505 new buses were delivered to the collectives. Overall the programme led to an improvement in service to passengers in terms of quality of service, safety and security, vehicle frequencies, and a decrease in pollution and congestion levels along the transformed routes. In addition, there were significant profit margins in the operations, and around 2 000 new employment positions were created (International Association for Public Transport [UITP], 2010).

However, the fleet of new vehicles only represent a portion of the paratransit vehicles in the city and, despite the concession agreements, limited enforcement translated into continued competition on the road with other paratransit operators. This was indicative of a broader challenge: while on paper CETUD played a key role in the system, in reality its executive powers and ability to intervene in all areas of the transport arena in Dakar were limited. This

may yet change. Subsequent to leading the above reforms CETUD expressed interest in forming a formal bus company out of a larger portion of paratransit operations in the city, as well in inserting BRT services on high-density public transport corridors<sup>6</sup>.

### **Drawing lessons from cases**

As with the different approaches to public transport and paratransit reform presented earlier in this chapter, the cases demonstrate that in practice there are a variety of forms that paratransit reform may take. The aims of the reform process in each case reflect a different position on service upgrading, competition regulation and ownership regimes, and the implementation and outcomes of these processes show that each approach places different demands on institutional capacities, available funding and operators. None of the cases offer an all-encompassing remedy for all the problems common to paratransit services. The cases do, however, suggest conditions that might offer the greatest probability of improving or reforming paratransit services. These are that there must be a concerted engagement process between authorities and paratransit stakeholders, flexibility in terms of reform process, and an in-depth understanding of the local context and the limitation presented by this context. The Accra case is one example; even though BRT implementation has stalled, the multi-pronged approach to reform offers alternative avenues for improvement. Similarly, Mexico City offers passengers two improved travel options using upgraded minibuses and new BRT services; if one option lags the other still offers benefits.

It is wishful to expect that a process at a city scale with many and diverse stakeholders would proceed smoothly and achieve all expected outcomes, yet in instances of failure, or near-failure, there are also noteworthy lessons. An over-emphasis on infrastructure design and construction, and an under-emphasis on incumbent operator and public sector capacities and engagement, can lead to stalling or significant delays in reform processes. Dar es Salaam offers a prime example: in the absence of a context-informed understanding of institutional requirements the project showed very little tangible progress for many years. Moreover, it may indeed not be possible to accommodate all stakeholders within any one particular approach, as Bogota shows, and both this city and Santiago's processes show that passengers

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<sup>6</sup> During a study tour to South Africa in July 2010 a delegation from CETUD visited Johannesburg, Tshwane and Cape Town to gain greater insight into public transport financing, integration and construction, and to view progress with BRT implementation. The trip included a meeting at the Centre for Transport Studies, at which I was present.

may suffer from unintended consequences despite what on paper appeared to be win-win-win scenarios for passengers, operators and public authorities.

The cases suggest that the organisational configuration of existing operators is an important contributor to the level of complexity of a transformational process. In Mexico City the paratransit operators affected by the Metrobús phases were already consolidated into two distinct federations, each of which operated on their own corridors. Similarly, even though the intervention in Bogotá was citywide, nearly all the bus companies in control of awarding operational licences to paratransit operators were aligned into four groupings. In both these cases, it is evident that operator engagement could thus proceed more rapidly to resolving contractual and operational details. A decisive moment in Lagos's BRT Lite project was the agreement from the influential paratransit workers union to participate in the scheme. Dakar offers yet another perspective: even though operators were restructured into economic entities, they still struggled to gain access to finance. Thus, having an operator structure that is conducive to the aims of a reform programme is only one of many preconditions to effecting reforms. Ultimately any reform approach should necessarily have to take into account the needs and capacities of stakeholders as well as their surrounding operating, financial and regulatory environments, and set the pace of change in line with what these conditions allow for. Santiago serves as a powerful reminder of the pressures that an overly ambitious timeframe can impose on all stakeholders. Public authorities must furthermore invest substantial time and effort in developing a constructive relationship with the paratransit sector prior to infrastructural changes in order to obtain paratransit's participation, and maintain this relationship after implementation. Key players within the paratransit sector may either overcome or incite resistance, and longer timeframes may allow these players to be identified and the leverage they have with the larger corps of operators to be better understood. Policy-making may well be led by the public sector, but the figures exercising power are not necessarily located in government.

The cases also show that large-scale formalisation is difficult to achieve, but in most instances do not provide sufficient insight into the scale of paratransit operations that remain outside the fold of reformed systems. This is one criticism of the documentation on transition processes; a further, and related, criticism is that reform processes are seldom cohesively documented. One of the benefits of having the World Bank involved in reform processes in the African

cases<sup>7</sup> is that there is a built-in expectation that projects are documented. The disadvantage is that the World Bank is an infrastructure-funding agency, and that the infrastructure-led approach may well follow the bank's presence. Beyond agency-specific considerations, case material typically seems to focus on capital or major cities. These cities commonly have a strong national government presence, political prominence and/or concentration of financial resources. This means that there is a lesser awareness of, learning from, or possibility for, reform processes in smaller locations. Two comments follow from this. The first is that the focus on major cities may well be related to the focus on big gestures of reform, i.e. large-scale, visible projects and actions. The second is that the prominence of these cases may act against a more balanced view on the state of practice in, and range of possible approaches to, public transport reform. In comparison with cases where there are "big bangs", extensive public works or major crises or conflicts, cases where less immediately visible or tangible approaches have been implemented (such as incremental operator upgrading) in all likelihood do not carry the same attraction for politicians, the press, and perhaps even academia. This is not to say that big bang cases do not provide a wealth of learning opportunities, but rather that they should be studied within context and with the proviso that they do not represent the entire universe of public transport reform possibilities or outcomes.

## **2.4 SUMMARY AND CONCLUSION: ALTERNATIVE APPROACHES TO PUBLIC TRANSPORT REFORM**

This chapter serves as a contextual backdrop for the next chapters. This chapter firstly investigated the concept of public transport reform and different dimensions in which reform impacts on public transport systems. A first dimension was that of modes and services, where reforms might introduce changes to infrastructure, vehicle types, scheduling structure and/or routes. A second dimension was that of competition regulation, which mediated the relationship between public authorities and operators. Reforms in this dimension might aim to change competition on the road to competition for the market by introducing some form of operating permission or service agreement. The last dimension drawn from the literature was that of the operator business structure. Reform in this dimension might aim to change whether operations are publicly or privately owned, the degree to which businesses are corporate enterprises, and the size of operators' businesses.

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<sup>7</sup> World Bank involvement was not a criterion in selecting case cities, but emerged incidentally.



Next the chapter presented four approaches that impose various changes in the different dimensions of reform. The BRT implementation and paratransit assimilation approach requires shifts in all three dimensions, typically taking place concurrently. It introduces a new mode and contracting regime, and aims to consolidate the typically atomised structure of operators. A stepped paratransit transition and upgrading approach may still lead to the introduction of a new mode, but that may be delayed until more consolidated operator business structures and competition regulation systems are in place. This approach introduces successive changes that may be more palatable to operators and better suited to public authority capacity limitations. An approach that focuses primarily on changes to the dimension of competition regulation would be to institute collective contractual agreements with paratransit associations as mediators to individual operators. The most promising of these contractual arrangements is shown to be franchising, which matches the area-focussed structure of paratransit associations and allows basic service standards to be defined. Changes in the business structure may still be necessitated depending on whether an operator association is a legally recognised business entity. The last discussed approach is that of incremental paratransit service and regulatory improvements. It proposes that paratransit operations are more efficient than generally suggested, and should be supported rather than replaced. The focus of this approach is on introducing and maintaining minimum service quality and safety standards, and enforcing fair competition.

In the latter part of the chapter a selection of seven case cities were presented to demonstrate the impacts in practice of the different reform approaches in various combinations. In Bogota, Dar es Salaam, Lagos and Santiago variants of the BRT approach were employed. Mexico City saw a BRT system being introduced as well as incremental paratransit improvements. A three-pronged approach to reform was developed in Accra relying variously on introducing *in situ* paratransit upgrades, route contracts and BRT services. Collectively these three alternatives offered paratransit operators an incremental route to becoming part of the upgraded public transport system. In Dakar there was also a stepped transition process, with elements of incremental upgrades allied to operator consolidation and route concessions.

The cases demonstrated that the reform process is highly dependent on the local public transport and urban context. Also, none of the approaches offer a panacea for paratransit reform. The different approaches to reform and the ways in which they were implemented in the international cases do, however, offer alternatives that can be investigated as potential

mechanisms for reform and ways of encouraging paratransit operators' participation in reform in Cape Town. In order to study the relevance of alternative approaches it is first necessary to have a clear understanding of the aims of reform and how it was implemented in Cape Town. This is the subject of Chapter 3.

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### **3 REFORM APPROACH AND IMPLEMENTATION IN CAPE TOWN**

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From the international theoretical and practical perspectives that I presented in the previous chapter, in this chapter I focus on the contemporary reform approach in South Africa, its implementation in Cape Town, and its impact on paratransit in this city. This serves as a direct response to the first research question seeking to identify the approach that government followed in incorporating paratransit operators in public transport reform. Investigating reform implementation in Cape Town was a key procedure to contextualising operators' attitudes to reform. One reason for it being key was that the evolution of the national public transport reform agenda and the ways in which operators participated in constructing this agenda were not apparent. Another reason was that the transition aspect of the reform process in Cape Town was poorly documented, making it difficult to understand the impact and extent of the reform process on operators in this city.

The first part of the chapter focuses on key national policy developments with respect to paratransit reform in the two decades since the country's transition to a democracy. In the second part of the chapter I provide a chronological account of the implementation of Cape Town's reformed bus system, highlighting the roles and responses of key players in the implementation process. I subsequently reflect on why the public authority had to moderate its expectations of and approach to paratransit participation in reform. The chapter closes with a discussion of the Cape Town case in relation to the concepts and international cases presented in Chapter 2, and provides a motivation for engaging paratransit operators in depth around their business aspirations and attitudes to reform.

#### **3.1 EVOLUTION OF REFORM: THE NATIONAL CONTEXT AFTER 1994**

Urban public transport services across South Africa are typically rendered by three modes: surface rail, scheduled bus services, and paratransit in the form of minibuses and sedan vehicles. A major challenge facing the public sector in the regulation of paratransit, and indeed public transport as a whole, is that service regulation, planning and infrastructure provision responsibilities have been, and remain, fragmented across national, provincial and local governments. Subsequently the planning for and provision of modal integration to improve passenger choice and service levels have been difficult to achieve.

The South African paratransit industry has a history that is closely linked to urban development patterns established by the apartheid state, as documented by Khosa (1992),

Barrett (2003) and others. The creation of peripheral townships through forced removals in the 1960s increased the demand for transport for the township-based workforce to commercial and industrial centres. While the State provided government-owned, subsidised rail and bus services, these services proved expensive to subsidise and insufficient for the needs of township dwellers. This set the scene for the emergence of the paratransit industry in the 1970s as an additional mode of transport, often in competition with the formal services. The initial response of government was to refuse carrier permits to these small-scale operators in order to protect existing monopolies, but successive relaxations in the official attitude towards paratransit led to the legalisation of the 16-seater ‘Kombi-taxis’ (now known as minibus-taxis) for taxi use in 1986. The period 1986 to 1987 saw a turning point in the industry as the number of government-sanctioned minibus taxi permits issued in the country grew from 7 039 to 34 378 (Khosa 1992:2). This explosive growth coincided with the release of the 1987 *White Paper on Transport*, which argued in favour of deregulating the paratransit industry, even though the South African Black Taxi Association (SABTA) advised against such a move and warned of destructive competition. The signs of over-saturation in the market were already visible in 1990 and manifested in the frequent fighting that erupted between owners competing for the same routes – the “taxi wars” that Khosa refers to (1992; 1995).

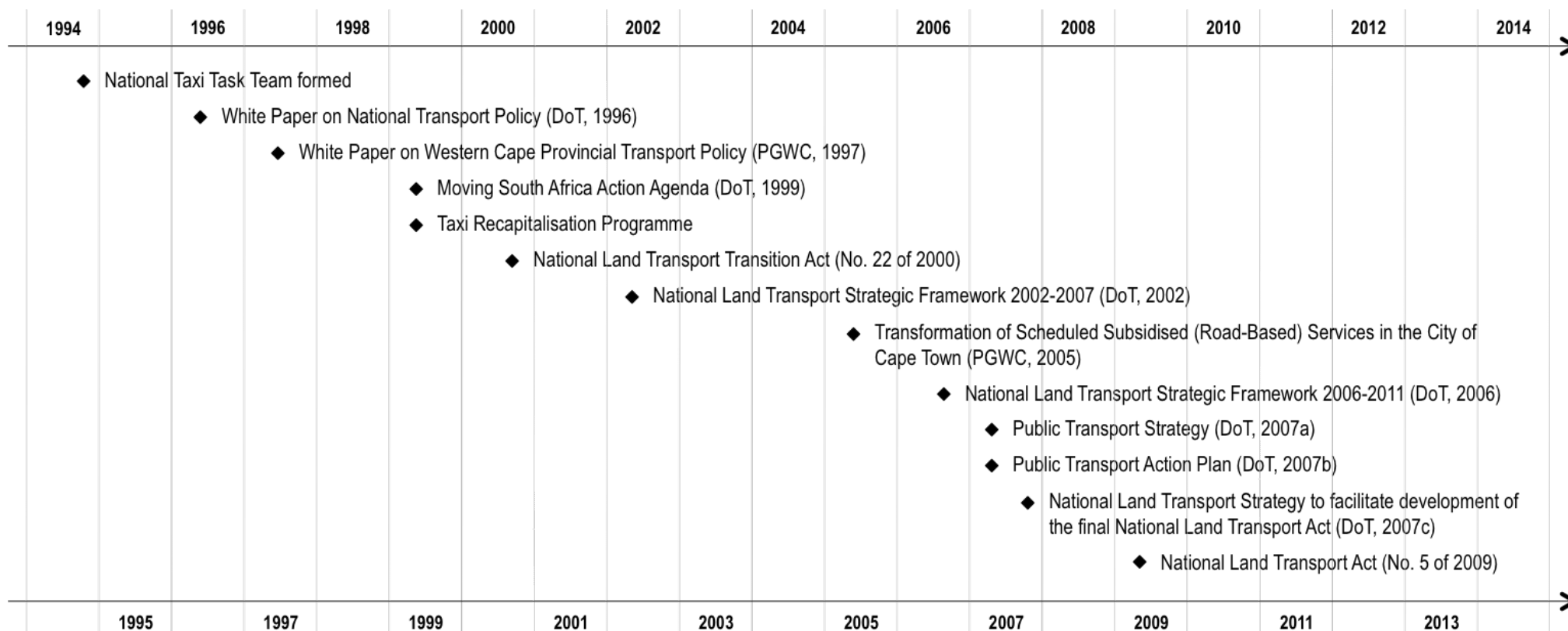
### **Key moment: The National Taxi Task Team**

The move towards democratic governance in the country in 1994 saw increased efforts to produce passenger transport policy and strategy aimed at ameliorating the impact of segregated spatial planning on passenger transport patterns. The National Taxi Task Team (NTTT) was formed in April 1995 to investigate and analyse issues and problems in the paratransit sector, and to generate solutions and policy options that would ensure the industry’s short- and long-term sustainability and contribution to public transport systems. The NTTT held 36 public hearings between August 1995 and January 1996, and presented its conclusions in its report (NTTT, 1997). These conclusions included that the subsidy system did not reflect paratransit’s proportional contribution to public transport. Fragmentation of ownership and weak control structures in the industry also meant it could not adequately regulate itself, which manifested in violent territorial disputes and severe on-road competition. Moreover, the paratransit sector suffered from critical business management and administrative skills shortages. Poor driving skills and on-road behaviour impacted negatively

on passengers' and general traffic safety, while a last conclusion (related to on-road behaviour) was that the sector made use of exploitative labour practices.

The *White Paper on National Transport Policy* of 1996 (DoT, 1996) was the first key document produced post-1994 (see Figure 3-1 for a timeline of this and successive policy documents). The *White Paper* set out public policy to address the historic challenge of uncoordinated transport planning and implementation, and took into account the NTTT's recommendations. It provided guidance on land, air and maritime transport of passengers and freight with the strategic aims of promoting modal, spatial, institutional and planning integration. The *White Paper* ushered in a "transitional period" in which transport policy implementation would take place in a phased, planned manner to address the fragmented transport system, and be effected by the lowest competent level of government. With respect to land passenger transport, the *White Paper* was pro-public transport, with a goal of achieving an 80:20 public to private transport ratio, and pro-passenger, i.e. transport services should be demand responsive, accessible and customer-focussed. Public transport was recognised as a basic need, although subject to the efficient utilisation of public funds. Competition between services was to be regulated, which required, amongst other considerations, that the paratransit industry be formalised and supported to enhance its economic viability and that paratransit services be properly licensed and legalised.

Building on the policy direction established in the national *White Paper*, the *White Paper on Western Cape Provincial Transport Policy* (Provincial Government: Western Cape [PGWC], 1997) was unveiled by the provincial Department of Transport and Public Works in 1997. While both documents dealt with a similar range of freight and passenger transport considerations, the purpose of the provincial paper was to provide greater detail on how the Province intended to respond to particular challenges and opportunities in the Western Cape. In terms of the transformation of road-based public transport services, the provincial policy outlined a gradual reform process to address the "considerable instability" evident in this sector (PGWC, 1997:23). The transformation was envisioned in three phases: firstly, to regularise operating permission but to maintain existing operation; secondly, to provide business and management training and support both to paratransit operators to enable them to tender for contracts, and to public agencies to build effective regulation and administration capacity; and lastly, to corporatise paratransit and to develop a public transport plan under



**Figure 3-1: Evolving policy affecting public transport in Cape Town from 1994**

which paratransit co-operatives and bus companies would bid either collectively or separately for contract packages.

The national *White Paper* was followed by a 20-year strategic framework to give effect to national policy, in the form of the *Moving South Africa Action Agenda* (DoT, 1999). In terms of urban passenger transport, *Moving South Africa* focused on putting “public transport first”, while taking account of the shortcomings of existing public transport and a growing trend in car dependence. It called for strategic action on three fronts: halting urban sprawl and developing high-density transport corridors; investing in integrated, customer-based public transport systems and effective road space management to address congestion; and developing non-motorised transport. Regulation and enforcement were identified as key elements in countering destructive competition, which was recognised as a particular risk in the paratransit sector. Besides calling for more effective enforcement, *Moving South Africa* proposed that incentives be investigated that could encourage paratransit operators to formalise and that public authorities draw paratransit (and bus services) into formal partnership through competitive tendering to render improved services to passengers.

### **Key moment: The Taxi Recapitalisation Programme**

The launch of *Moving South Africa* in 1999 was accompanied by the first announcement of the Taxi Recapitalisation Programme (TRP), which was approved by the Cabinet in October 1999 under the leadership of the Department of Trade and Industry (Browning, 2009). The TRP initially was aimed at legalising paratransit operations, formalising business structures and labour practices, establishing a hierarchical representative structure from within the industry, and providing for the renewal of the vehicle fleet through a fixed scrapping allowance on surrender of old vehicles (Walters, 2008). In view of the difficulties in engaging paratransit around restructuring of the sector as reflected in the NTTTT’s report, it is perhaps unsurprising that the focus of the programme shifted to fleet renewal once it was actually rolled out in 2006. Vehicle renewal comprises owners turning over old minibuses to a government-appointed agency for scrapping, after which the owner is paid out a capital allowance either to leave the sector or to use towards the purchase of a new, safety-compliant minibus. The scrapping allowance was initially ZAR50 000 per minibus, but is adjusted annually and in 2014 equated to ZAR74 100 ( $\pm$ USD6 200). The owner has to fund the balance of the purchase from his or her own resources or by borrowing from a commercial bank or SA Taxi Finance, a private vehicle financier focussing on the paratransit sector. Scrapping could



only take place if the owner held a valid operating licence for the vehicle to be scrapped; thus the TRP was aimed not only at serving a public safety function, but it also had a regulatory function.

A further result of the NTTT was the establishment with government support of the South African National Taxi Council (SANTACO) at a conference in Durban in 2001 (Parliamentary Monitoring Group, 2002). In the constitution that resulted from that conference the organisation defined a broad set of aims and objectives covering representation and administration, regulation, business and economic transformation, and social responsibility (SANTACO, 2002). It saw its role as including: consulting and lobbying with government at all levels; coordinating the views of its members on paratransit industry issues and representing members' interests; creating a more robust and effective paratransit regulatory regime; and participating in the development of policy on labour and training issues, safety and vehicle standards, and competition regulation. The organisational structure included provincial and regional councils, as well as a commercial arm.

The National Land Transport Transition Act (NLTTA) (No. 22 of 2000) followed hard on the heels of the TRP launch as the legal framework to give effect to policy and facilitate a smooth transition to passenger transport systems as contemplated in the 1996 *White Paper* and *Moving South Africa*. The NLTTA imposed a demanding set of transport planning requirements reliant on extensive data collection, cascading down from five-year National Land Transport Strategic Frameworks (the first being that of 2002-2007 as referred to in DoT 2002) to local-level municipal Integrated Transport Plans. Persistent institutional capacity shortages, along with unpredictable funding provisions and uncertainty around executive authority to enact cross-modal planning and integration, resulted in many of the planning requirements in the NLTTA either not being met or not being completed within the required timeframes. Moreover, the regulation of the industry remained to some extent in its own hands. Firstly, paratransit operating licences had to be applied for by individual operators belonging to, and with the support of, a registered association. Secondly, there typically were insufficient grounds for government authorities to refuse a license application due to a lack of reliable supply and demand data. Lastly, the indefinite validity of route-linked operating licences (resulting from the conversion of earlier permits) meant that in practice public authorities could only intervene in the market during the license awarding stage, over which they had little effective control.

Within Cape Town, two stalled initiatives involving proposals to incorporate paratransit in the formal provision of public transport services preceded the current engagement process to integrate the sector into a formal transport system. The first was a cooperative venture in 2003 by the City of Cape Town and the Western Cape Provincial Government as part of their joint mobility strategy for the city. It proposed investment in a BRT line replacing existing road-based services along Klipfontein Road, a major arterial road traversing the city, linked with feeder services, non-motorised transport improvements and land-use intensification (PGWC, 2004). The project reached a detailed level of design, but has yet to be implemented. In 2005 the Provincial Government released a draft report for a second initiative to integrate road-based services, the *Transformation of Scheduled Subsidised Services in the City of Cape Town* (PGWC, 2005), which expanded on its public transport reform policy as encapsulated in the 1997 provincial *White Paper*. Although not strictly a BRT plan, it proposed the incorporation of road-based (i.e. formal bus and paratransit) services into a trunk and feeder system into 15 contract “balloons” that cover the geographic area of the city. It appears as if the failure to implement this project resided primarily in the unresolved transport planning responsibilities between the spheres of government, as well as in a lack of cooperation between provincial and local governments. However, the scarcity of documentation on either of these initiatives hampers efforts to investigate in detail the reasons behind their lack of progress.

### **Key moment: The 2007 Public Transport Strategy and Action Plan**

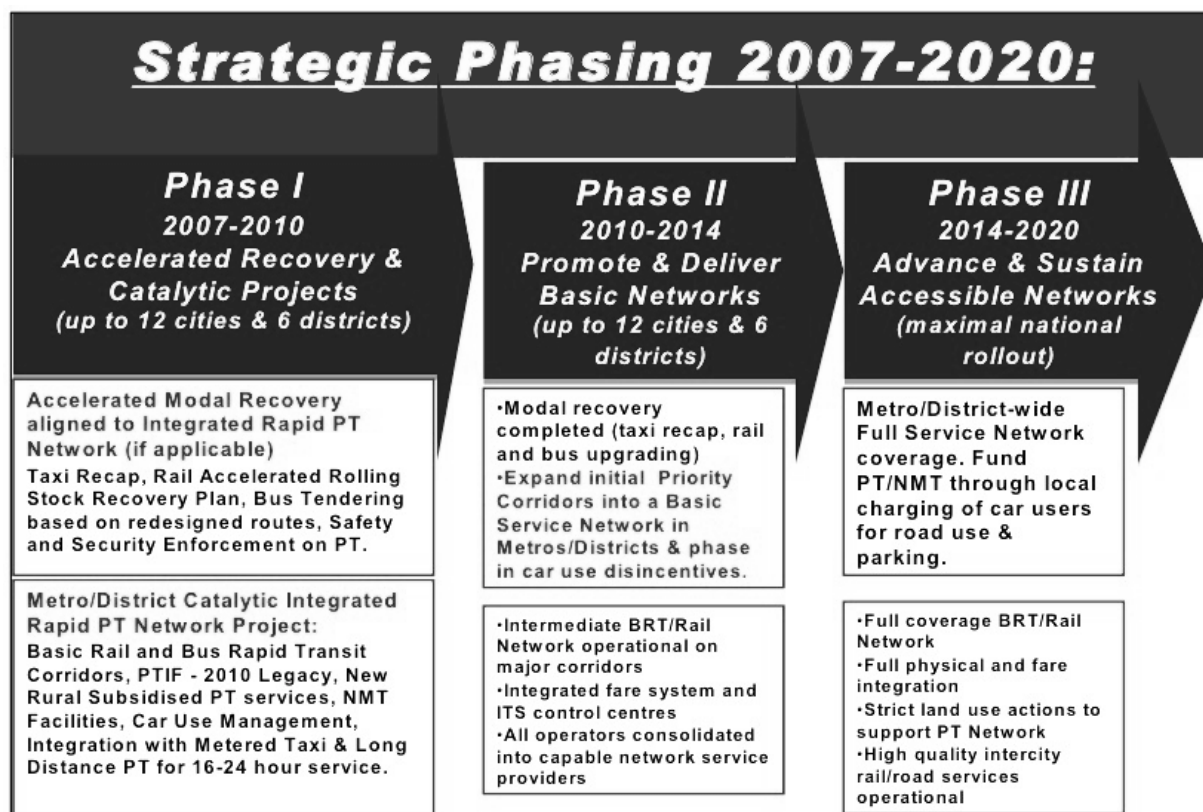
Despite national and local initiatives to improve public transport systems and integrate paratransit, of which the preceding serve as examples, by 2006 – a decade after the release of the *White Paper* – little progress had been made in corporatising paratransit business structures or addressing the poor standard of public transport services. However, a renewed thrust to revitalise public transport emerged in 2006, both in terms of planning and funding, coinciding with the announcement of South Africa as the host country for the 2010 FIFA World Cup. The same year witnessed the release of the NLTТА-mandated National Land Transport Strategic Framework (NLTSF) (DoT, 2006a) for 2006-2011, in which the World Cup was recognised as a catalyst in passenger transport development. Besides stadia construction, the event was identified as an opportunity to leverage funding to fast track investment in public and non-motorised transport infrastructure.

The 2006-2011 NLTSF also paved the way for a cluster of national and local strategic planning and implementation documents emerging between 2006 and 2008. These documents

acknowledged the lack of implementation and set the scene for the National Department of Transport's current programme supporting the development of Integrated Public Transport Networks (IPTNs), and Cape Town's MyCiTi project. The Public Transport Strategy (PTS) (DoT, 2007a), proposed new large-scale multi-modal public transport networks, particularly in urban areas. These networks would be reliant on the phased implementation of BRT trunk and motorised and non-motorised feeder systems that would supplement existing core rail corridors and incorporate existing formal and informal road-based operations. The proposed IPTNs drew heavily on the management and operational model of the Transmilénio BRT system in Bogota, Columbia. The first phase of these IPTNs, as detailed in the *Public Transport Action Plan* (DoT, 2007b), focused on the large urban centres in the country and contributed towards 2010 FIFA World Cup transport commitments. At the same time a national Public Transport Infrastructure and Systems Grant (PTISG) was set up to provide capital funding particularly in support of introducing BRT systems in the World Cup host cities and elsewhere in the country.

The national strategy, and what became official policy through political promises in the course of the following years (Paton, 2009; "Minibus-taxi industry to ...", 2010; Smook, 2011), established some of the IPTN parameters. The new networks would in time replace existing road-based services and complement existing rail lines, and the replacement and upgrading would take place in a geographically phased manner. Existing operators would also be the preferred operators of the new services and thus would not be financially worse off in making the shift, and employment opportunities would not be lost. The *Public Transport Action Plan* (DoT, 2007b:11) envisaged that engagement with paratransit operators would be a priority by recommending that it be one of the actions to be addressed in the first PTS phase between 2007 and 2010 (see Figure 3-2 for a summary of the PTS timeline). However, the intention for such engagement appears not to have been on developing a dialogue on what form the future networks would take, as the Action Plan already specified the desired modes (BRT and rapid rail) and the paths for their implementation. Engagement rather seemed geared towards the sector's incorporation in the proposed networks on the assumption that it would be a willing participant in a structured transition towards formal operations.

The 2007 Public Transport Strategy envisaged that 12 cities and six of the more densely populated districts would have fully functioning IPTNs by 2020, and that by 2010 the first phases were to be in place for the World Cup. Progress was far slower than anticipated.



**Figure 3-2: Public Transport Strategy phasing**

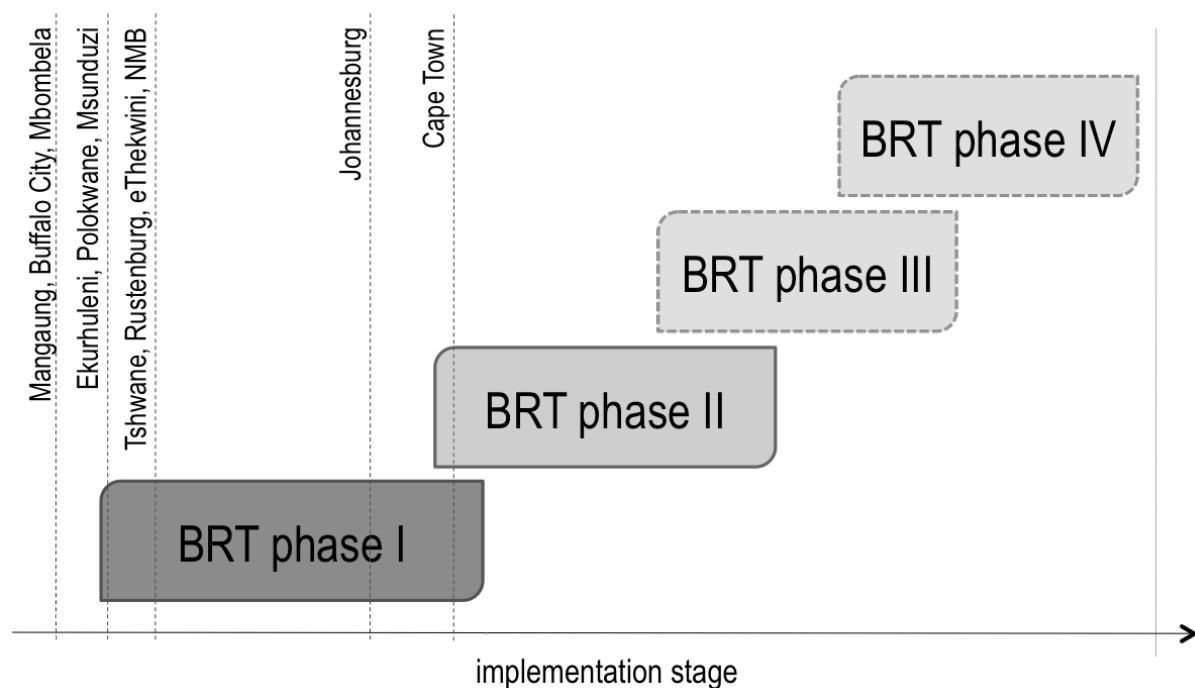
Source: DoT, 2007b

Figure 3-3 is a graphic interpretation of progress to date as reported in the annual BRT/IPTN workshop sessions of the Southern African Transport Conference. Of the targeted cities, only Cape Town and Johannesburg have trunk and feeder BRT systems in operation (though these did not meet the 2010 target date) and are moving to the second phases of their IPTNs. Ekurhuleni, Rustenburg and Tshwane have made strides in relation to construction and/or detailed system planning. The Nelson Mandela Bay Metropole has oscillated between progress and collapse for reasons related to, amongst others, operational inefficiency, restructuring paratransit, and financial mismanagement. Services and some infrastructure were in place during the World Cup; after a hiatus period pilot services launched again in 2013, but early in 2014 these were withdrawn (see De Kock, 2013; Makunga, 2014; and “Pikoli blows lid...”, 2013<sup>8</sup>). Polokwane is in the early stages of planning a BRT system, while there is little or no indication of tangible progress in Mangaung, Buffalo City, Msunduzi and Mbombela. Completing the 12 cities are George and eThekweni, which have

<sup>8</sup> This is one of many articles published as a Special Report in *The Herald* on 26 August 2013 on irregularities related to Nelson Mandela Bay’s Integrated Public Transport System (IPTN).

deliberately followed trajectories not aimed at BRT implementation, but rather at overall public transport system restructuring and service improvement. In view of the above it is fair to say that applying the BRT approach to public transport reform has not met policy expectations. The reasons for this are complex and related both to city-specific and national issues. In the next part of this chapter I will turn specifically to the case of Cape Town, which has arguably made greatest strides in implementing the policy by way of its BRT system, MyCiTi.

→ Public Transport Strategy aim: 12 cities, 6 districts by 2020



**Figure 3-3: Progress with BRT implementation in South Africa**

### 3.2 PUBLIC TRANSPORT REFORM IN CAPE TOWN

In March 2007 the City of Cape Town released its *Public Transport Implementation Framework* (CoCT, 2007b). This document presented the City's proposal for implementing an improved citywide public transport network referred to as IRT (Integrated Rapid Transit). Besides actions for rail service improvement, it put forward installing BRT as the mechanism

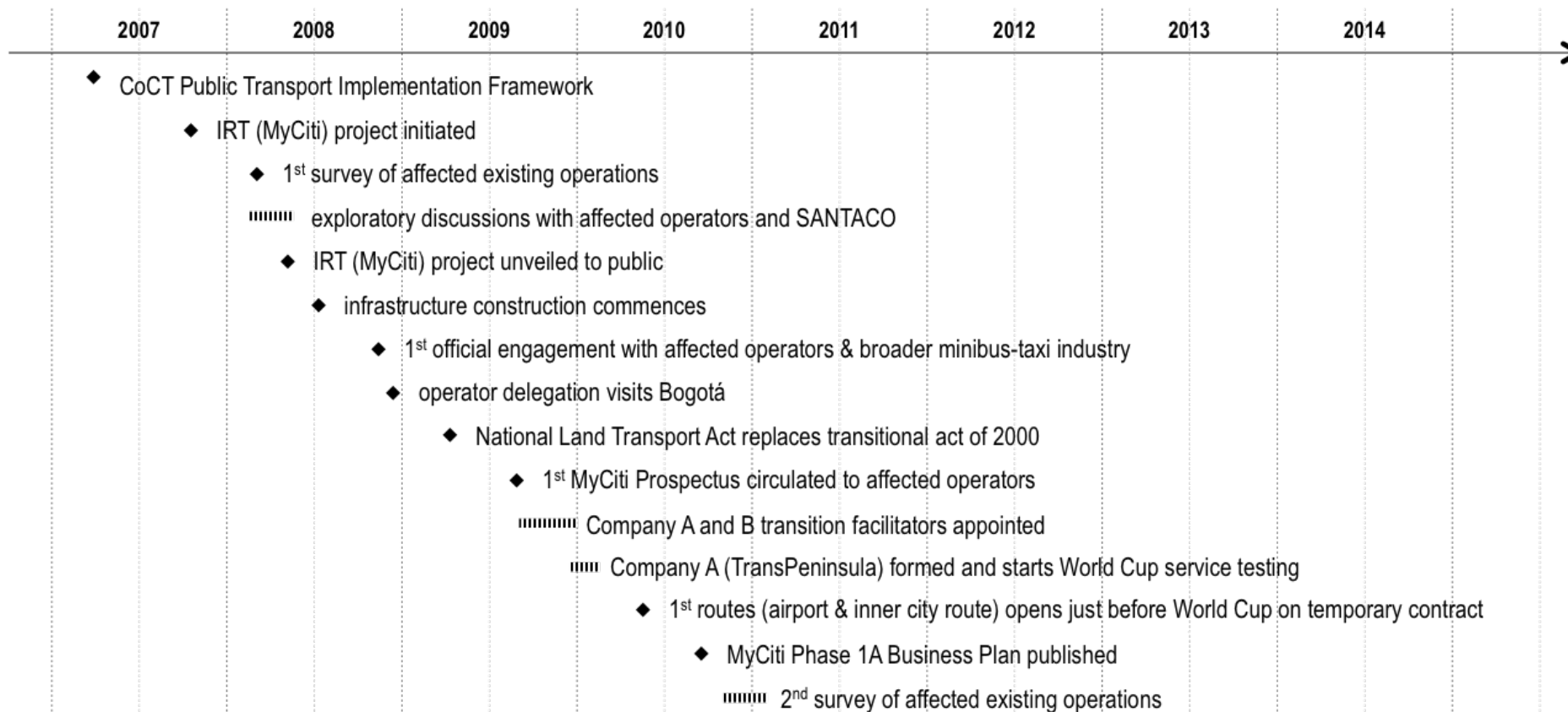
for improving road-based operations<sup>9</sup>. The decision to embark on BRT was modelled on the experience with implementing it in other cities such as Beijing, Bogotá, Curitiba, Guayaquil, Los Angeles, Ottawa, Paris, Pereira, Quito, and Seoul (CoCT, 2008; 2010). Hoped-for similarities included relatively limited construction cost and time, lack of direct subsidy requirements, profitability of operations, and short apparent timeframes for engaging and incorporating existing operators. Also, while the city's extensive rail infrastructure was recognised as a key part of the IRT trunk network, rail-planning authority did not rest in the City. It is thus understandable from an institutional perspective that a road-based concept was given priority as the mechanism for improving the public transport network, as it appeared to be better suited to the City's capacities and assigned responsibilities.

Particularly the short reported BRT implementation timeframes would have held great appeal given the looming presence of the FIFA World Cup in mid-2010. A new stadium was being built in Green Point to host World Cup matches in Cape Town, and the City's commitments (shared with the local organising committee) were that the stadiums would be adequately served by public and private transport, and that there would be dedicated shuttles to transport passengers to and from park-and-ride and public transport facilities. Public transport stations, stops and drop-off points had furthermore to be provided both at the stadium and at other strategic points (CoCT, 2008).

In October 2007 an internal project office was formed in the City to make good on World Cup commitments and for MyCiTi to become a reality (see Figure 3-4 for the timeline of events as discussed in this section). In November 2007 an international advisor, Lloyd Wright, with extensive experience in BRT implementation in South America, was appointed to the project team. During the same month officials, councillors and technical consultants undertook a BRT study tour to Latin American cities (Wood [2014a, 2014b] documented such "policy tourism" and other means of BRT policy transfer from South America to South Africa in detail).

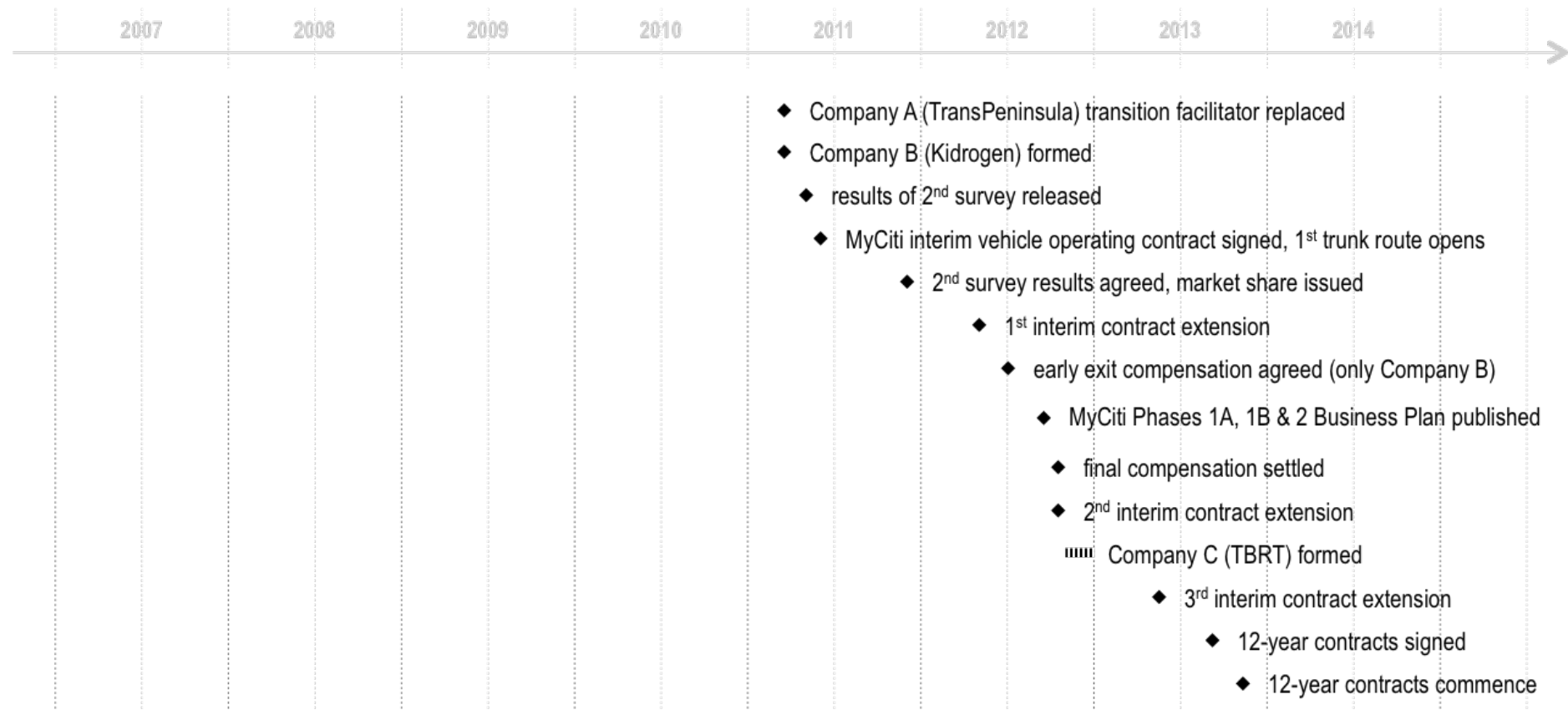
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<sup>9</sup> In April 2010 "MyCiTi" was selected through a public competition as the brand name for all IRT services and infrastructure in Cape Town, whether motorised or non-motorised (CoCT, 2010). In practice "IRT", "MyCiTi" and "BRT" have come to be used interchangeably and denote not only the newly installed trunk bus services but also the feeder services. For the sake of clarity I henceforth use the term "MyCiTi" to refer to all MyCiTi-branded bus services, and in line with local practice the definition of "BRT" as I use it includes both trunk and feeder elements of MyCiTi bus services.



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**Figure 3-4: MyCiTi implementation timeline**



In February 2008 the first PTISG allocation was awarded for the City's BRT proposal to be constructed, and in the same period (January to May 2008) the preliminary engineering design for segments and the initial operational modelling and costing were completed. The project was approached in a phased manner, and the first phase routings focussed on both the requirements of the 2010 World Cup as well as the City's long-term public transport needs. To enable this to happen the project was divided into four streams: system and operational planning; business planning (which included the transformation and incorporation of existing operators); infrastructure design and construction; and overall project coordination (CoCT, 2009).

### **Early engagement with paratransit operators**

In August of 2008, the City of Cape Town approved the implementation of Phase 1A of a BRT system. Phase 1A included the city centre, an airport service, a trunk corridor from the city centre to the West Coast suburbs (through the Table View area to Atlantis), and feeder routes linked to the latter (CoCT, 2009). In October 2008 the City held an open public information presentation in Bloubergstrand, envisaged as the first event in the general public engagement process. The purpose of the meeting was to present the MyCiTi system to the residents in the West Coast area of Phase 1A. Taking the podium after the technical officials' presentation, a presiding City councillor was shouted down by paratransit operators who arrived during the presentation, and the meeting had to be stopped short (Orfanos, 2008). Further public meetings in other areas affected by the first phase of MyCiTi that were to follow this event were cancelled.

Late in November 2008 the project team arranged an invitation-only summit in Century City. This was the first MyCiTi-related event aimed at engaging the broader paratransit industry in the city. Around 300 representatives from the industry were invited to attend this closed event<sup>10</sup>. It was disrupted by operators who could not gain access to the venue as they had not received invitations. These operators threatened violence and proceeded to storm the venue before the presentations could commence, forcing the summit to be abandoned. A number of the attendees indicated that the organisations to which the excluded operators belonged were, in fact, already represented in the summit. Shortly thereafter, in early December 2008, paratransit operators congregated at the Cape Town Civic Centre to hand over a memorandum of their grievances to the then mayor, Ms Helen Zille. This protest action again turned violent,

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<sup>10</sup> I was able to secure an invitation to attend as an observer.

with participants disrupting public transport services in the area, injuring members of the public and other operators, and damaging property (“Commuters flee rampaging ...”, 2008; Schoeman *et al*, 2008).

During this tense situation there was another publicly funded study visit to Bogota and two other Colombian cities in December 2008. As with the November 2007 visit there were officials and project consultants on the tour, though this time they were accompanied by representatives of paratransit and bus operators affected by the proposed MyCiTi routes, as well as from SANTACO. Spending only a handful of days in each city within the space of less than two weeks, the visit served mainly to demonstrate to operators the elements of BRT such as dedicated lanes, operations, fleet design and vehicle maintenance in practice (Botha, personal communication 2014, 25 July). Shortly thereafter, in early 2009, the City issued the first draft of its “Prospectus”. This document was the basis for engagement with affected road-based operators (McLachlan, personal communication 2013, 15 November). These discussions continued on a regular basis over the course of 2009 (CoCT, 2009).

Despite the discussions there were strong reactions in the broader industry, first of which was a citywide three-day strike and cessation of paratransit services over 11-13 February, 2009. The strike stranded many public transport users and was accompanied by widespread violence and injuries to bystanders and operators, leading to the military being placed on standby. Initially the cause of the strike was claimed to be discontent from within the paratransit industry in the city that its members would be excluded from, or marginalised by, MyCiTi. It was later claimed that the main cause was friction between the government-sanctioned SANTACO and the National Taxi Alliance (NTA), an unofficial national paratransit representative body that split off from SANTACO (“Taxi riots sow chaos”, 2009; “CT taxi strike ...”, 2009; Pillay, 2009; Jooste, 2009). A few days later, on 18 February 2009, Ms Zille met with the NTA leadership, at which it unanimously agreed to listen to the MyCiTi proposal, while the mayor made a commitment that the City would meet with the NTA leadership on a monthly basis (“Taxi strike sent...”, 2009). However at a meeting the next month – on 2 March 2009 – between the City and the Western Cape NTA branch, at which a presentation on the MyCiTi was to be made, the NTA refused to hear the presentation, contrary to their 18 February commitment, and walked out of the meeting. The mayor stated that the NTA insisted they talk about the operating licence system instead, while the NTA

claimed that they wanted to discuss harassment of paratransit drivers by the Metro Police (“Zille, Taxi Association ...”, 2009; Pressly, 2009).

### **Towards more structured engagement**

On 14 March 2009 the City hosted a meeting at the Civic Centre with Cape Town-based paratransit industry representatives to discuss MyCiTi. Again NTA members disrupted the meeting and were removed by Metro Police, and they continued to protest outside the venue. Some attendees not aligned to the NTA left, reportedly due to intimidation and threats to their lives, though the remaining representatives were agreeable to the MyCiTi proposal, but requested details of the proposal’s business plan (Johns, 2009; Nicholson, Msutwana-Stemela & Johns 2009). Such was the extent of the political sensitivity around the BRT policy and its implementation that on 20 April 2009 a meeting was called at national level between the president of the ANC, Mr Jacob Zuma, (soon to become president of the country) and SANTACO. As a direct consequence Mr Zuma instructed that all engagement with the paratransit sector and operational planning on BRT systems be deferred until after the 22 April national elections (“Zuma: BRT discussions ...”, 2009).

Engagement with operators was set to continue in June 2009. The City of Cape Town subsequently published a revised second draft of the Prospectus to affected operators in August 2009. The City procured the services of facilitators to lead the process of establishing the two envisaged BRT Vehicle Operating Companies (VOCs), though operators were consulted to identify their preferred candidates (McLachlan, personal communication 2013, 15 November). The VOCs would consist of paratransit and scheduled bus operators whose services would be replaced. The VOCs would be contracted on a gross cost basis by the City to run MyCiTi services for a 12-year period – the maximum period allowed for under legislation (NLTA, No. 5 of 2009, 2009:s41). From the City’s point of view the 12-year timespan was important as it would offer sufficient stability and financial incentive to existing operators to move over to MyCiTi and to incentivise them to maintain the buses that the City had purchased (Herron, 2013). It would also allow sufficient time for paratransit operators in particular to become established as formal VOCs and be familiar with the BRT operating environment such that at the end of the first 12-year cycle they would not be at a disadvantage in open bidding for service provision (McLachlan, personal communication 2014, 4 July).

In February 2010 the City concluded an agreement for transport services during and immediately after the FIFA World Cup – from February 2010 until 31 October 2010 – with TransPeninsula. This company represented three of the paratransit associations affected by the planned longer term MyCiTi routes. After the World Cup the expectation was that the full 12-year service contracts with vehicle operators would be in place. However, the business plan for Phase 1A (CoCT, 2010) had first to be in place before contract negotiations could start. The City only adopted the business plan on 27 October 2010, delaying the negotiations until after the World Cup (McLachlan, personal communication 2013, 5 February). At the time eight paratransit associations were identified as having members affected by the planned routes. Despite the World Cup services falling in the geographic area of the three inner city associations it was a cause of disgruntlement amongst other associations in Cape Town that they were not involved in such interim services. From these associations' point of view it seemed that TransPeninsula was making money from being involved in the contract. However, it proved to the associations not yet involved in the contract that there was financial reward in participating in MyCiTi. Moreover, unlike TransPeninsula, these operators were not yet ready to operate and enter into contracts, and they could learn through observing the project unfolding in front of them without any risk in it to them (McLachlan, personal communication 2013, 15 November).

### **Focal shift to public transport after the World Cup**

Once the World Cup was over in mid-July 2010 the pressures of event-based planning and operations were relieved. The City's focus and the negotiation process with operators could turn towards the long-term public transport services that MyCiTi might provide. While the timeline was not as truncated as before the World Cup, the project scope expanded significantly. The City extended the agreement with TransPeninsula to provide interim services in the inner city and to the airport. When the MyCiTi Phase 1A business plan was approved the City intended to negotiate the longer-term routes with the envisaged two operating companies that would be created to provide these services (McLachlan, personal communication 2013, 5 February). These companies were referred to as Company A and Company B at that stage. As before and during the World Cup, Company A (TransPeninsula) would continue to operate the routes serving the inner city and the airport from the southern hub at the Civic Centre (see Figure 3-5 fold-out). Feeder services from the northern hub of the

trunk route at Table View were intended to be contracted to Company B. On the trunk route between these two hubs Company B would share operations with Company A.

In April 2011 the Company B grouping, now formally constituted as Kidrogen, objected when the City intended to extend the airport and inner city contract running since the World Cup with Company A (TransPeninsula) without extending the interim route agreement to the West Coast area where Company B would be involved in running them. Company B at that point comprised five affected paratransit associations and the bus operator Sibanye (in which Golden Arrow Bus Services [GABS] is a shareholder), all of whose routes were affected. GABS raised separate objections, which it followed with litigation, related to the way in which the City determined its market share (McLachlan, personal communication 2013, 5 February). On 1 May 2011 the City entered into two interim vehicle operating contracts. This step enabled the project to move from World Cup-period routes to the Phase 1A longer-term routes, and allowed the fleet of buses that the City had procured for the World Cup to be put into service. Many of these buses were standing unused at this time. However, the initial policy intention of amalgamating bus and paratransit operations under a unified umbrella was not realised. As a reflection of the rift between bus and paratransit operators, the City had to accept a proposal from the paratransit shareholders in Kidrogen that they buy out Sibanye's shareholding (CoCT, 2012a). Sibanye's market share was subsequently amalgamated with that of GABS in a third operating company, Table Bay Rapid Transit (TBRT).

### **From interim to long-term contract Phase 1 services and the Phase 2 pilot**

On 9 May 2011 the first of the new long-term routes opened (as shown in Figure 3-5), though as yet still under interim contracts. This was the trunk route operated exclusively by TBRT, followed later in the month by a number of feeder routes on the northern end of the trunk route, run by Kidrogen. The airport and inner city routes operated by TransPeninsula since the World Cup were maintained. The interim contracts were extended in May 2012, October 2012 and yet again in May 2013 as the negotiation process with the three companies regarding the 12-year contracts dragged on (McLachlan, personal communication 2013, 15 November). A key reason why the conclusion of the 12-year contracts was critical was that the Municipal Finance Management Act (MFMA) (No. 56 of 2003) and not the transport-specific NLTA governed the interim services. The MFMA limited service contracts that the City entered into to a maximum of three years. The interim services that started during the World Cup could thus not be extended further.



Source: CoCT, 2011



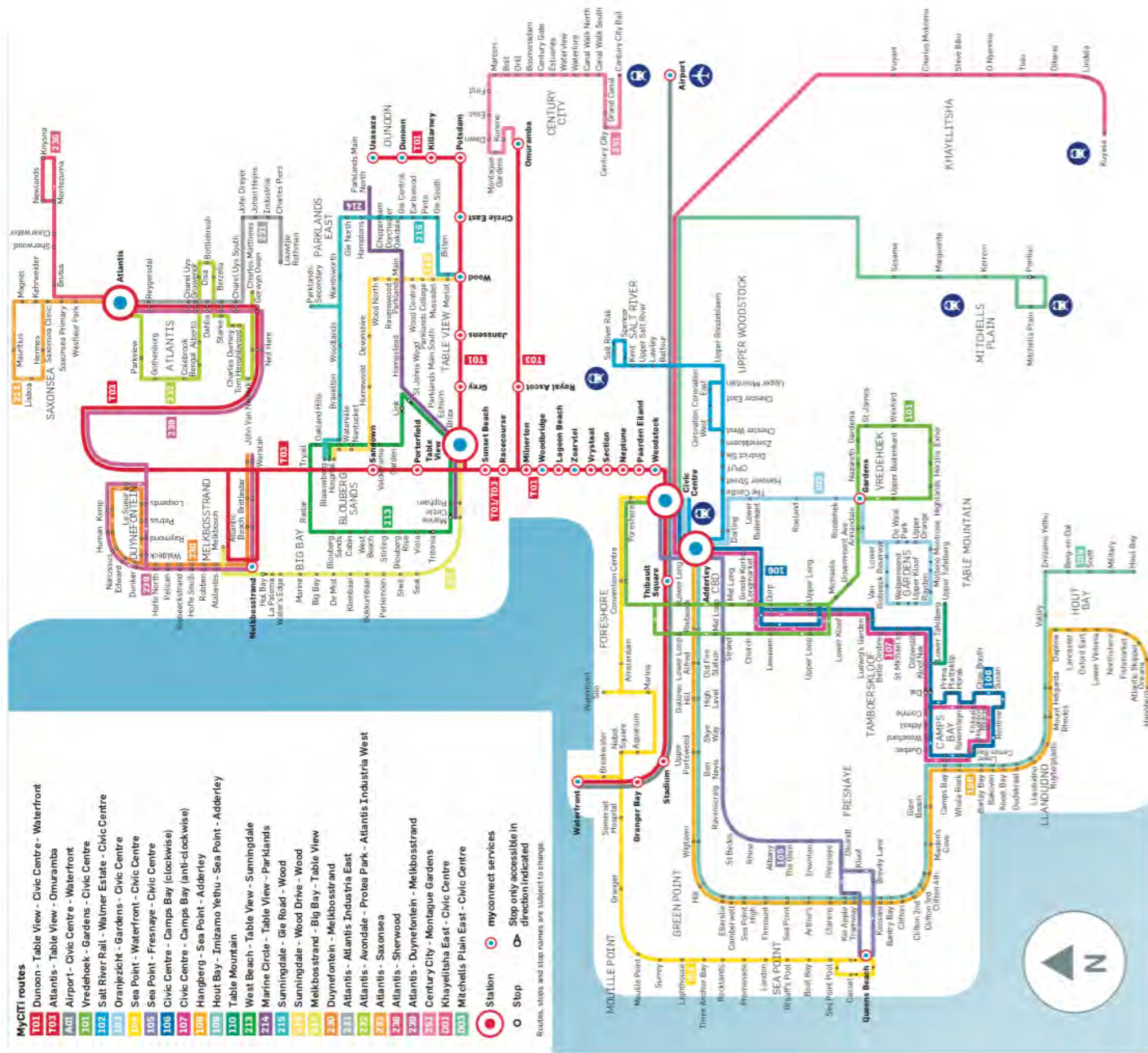


Figure 3-6: MyCiTi routes as at November 2014

Source: MyCiTi, 2014

On 28 August 2013 the negotiation process was finally concluded between the City and the now fully established MyCiTi VOCs, and the vehicle operating contracts signed and ratified by the municipality (Herron, 2013). These contracts were with the former paratransit entities TransPeninsula (Company A) and Kidrogen (Company B), and with the GABS-owned TBRT (Company C). As of the end of 2014 most of the Phase 1 project milestones have been met, with only a few routes still to be opened. Figure 3-6 (above) shows routes operational as of November 2014.

Once all Phase 1 routes are operational, a total of 661 paratransit operating licences will have been surrendered and the license-holders taken up compensation, and the majority of such proceeds invested as shareholding in the VOCs. The routes shown in Figure 3-6 also include the two “N2 Express” pilot routes for MyCiTi Phase 2 that were launched in July 2014. These second phase routes run along the N2 freeway and connect Khayelitsha and Mitchells Plain in the southeast directly with the Civic Centre hub in the city centre.

The relationship between MyCiTi’s phasing and Cape Town’s demographic patterns is an important aspect of the reform project and its impact on urban equity (as per the discussion on the role of public transport in South African cities in the opening chapter). As in the case of Atlantis in the north, Khayelitsha and Mitchells Plain are large planned suburbs constructed by the apartheid regime under the Group Areas Act (No. 41 of 1950). Non-white city residents were forcibly relocated to these areas from centrally located suburbs and the city centre, which were reserved for white residents under the Act. Though the first phase reached a wide demography, including forcibly removed residents, the second phase is set to focus even more closely on the equity issue (I return to the equity issue in Chapter 6). Below is a summary of the different project phases and their demographic reach.

- *Interim first phase.* The northern route package of the interim first phase served the largely white, middle-class area of Table View and adjacent coastal suburbs. It also served Parklands and Blouberg Sands, a mixed working- to middle-class area expanding the city’s northern built edge. The southern routes served the affluent, largely white inner city. The trunk route passed through a nature reserve, predominantly white suburbs and a light industrial area.
- *Full first phase.* This phase expanded on the interim routes. Trunk routes were extended to serve Atlantis outside the city’s built edge, the Du Noon township that



emerged shortly after 1994, and the large commercial and residential Century City development launched in the late 1990s. More inner city feeder routes were launched and extended south-westwards to include the predominantly white and wealthy Atlantic suburbs, as well as the Hout Bay valley, where the formerly white town has seen the rapid development of a new township over the last decade.

- *Second phase pilot.* Khayelitsha and Mitchells Plain fall in what is the city's densely populated and predominantly non-white working class sector, commonly termed the "Metro Southeast". Unlike the first phase area of MyCiTi, the Metro Southeast is served by suburban rail services in addition to paratransit and subsidised buses. The existing public transport offering and demographics in the second phase area are thus different to those of the first project phase. However, to date only the pilot N2 Express services have been launched; permanent operations are still some years away.

### **Moderating public authority expectations of paratransit reform**

The signing of the long-term first phase vehicle operating contracts in October 2013 was a major achievement for MyCiTi's paratransit transformation process. This was, however, not the final moment in the first phase process. Once the final two routes are opened in 2015, the related contractual obligations are met, and affected paratransit services withdrawn, the full first phase envisaged in 2007 and refined in 2008 will be complete (CoCT, 2007b, 2008; McLachlan, personal communication 2014, 26 August). In contrast to an initial transition timeline for this project phase spanning just under two years over 2007-2009, in practice the process started late in 2008 with an estimated conclusion in 2015 – a period of more than six years.

There are a number of factors that could explain this more than threefold increase in timeframe. That the concept of BRT was untested in the South African context would certainly have played a part. As a result many of the reform principles of the national Public Transport Strategy had to be transferred from experience in other contexts, drawing heavily on the Bogota model (as described in Chapter 2). Also, the looming World Cup curtailed the time for investigating options and framing the reform programme's direction. The financial mechanisms subsequently had to be put in place and institutional capacity had to be developed at local municipal level to implement the programme. In short, the local implementation process was subject to national policy and external event pressures. At the

practical level the actual transformation plan also had to be designed and hammered out around the negotiation table with operators. These negotiations were complicated by national government promises made in the face of resistance from paratransit operators early on in the transition process – these promises being that operators would not be worse off after the transition and that legitimate employment opportunities would be retained. By 2010 it was clear that operating the MyCiTi system would be far more costly than originally envisaged (CoCT, 2010), and MyCiTi’s profitability would not match that of existing operators. It fell to the municipality to make good on the national promise of operators not being worse off, adding to the financial burden and impacting on the municipality’s leverage during negotiations. Ultimately paratransit operators’ business rights, vested in their operating licences, had to be bought out in a process of “compensation”. The transformation model furthermore had to meet legal requirements, notably:

- the National Land Transport Act (No. 5 of 2009) governing, amongst others, the long-term IPTN vehicle operating contracts and the cancellation options for existing operating licences;
- the Municipal Finance Management Act (No. 56 of 2003), directing municipal contracts and financial agreements, including the interim MyCiTi operating contracts;
- the Companies Act (No. 71 of 2008, Regulations as amended 2011) stipulating the manner in which shareholding in the new VOCs was agreed on; and
- the Promotion of Administrative Justice Act (No. 3 of 2000), under which the municipality was obliged to make it clear to operators how the MyCiTi contract regime and the cancellation of the operating licences would impact them.

The aforementioned factors made for a multifaceted and difficult situation in which to reach agreement on the transformation model. The resulting model was itself complex (as described in CoCT, 2010, 2012; supplemented by McLachlan [2013] and personal communication with McLachlan in the course of 2011-2014), and ironing out its details was a substantial undertaking that hinged on a multitude of individual operators being able to understand and accept the offer made to them. The basis for operators being incorporated in MyCiTi was the market share by revenue of their existing public transport services that would be affected by the new MyCiTi routes. Such revenue was established by a one-day survey in 2008. Operators disputed this survey’s results, as it did not capture daily fluctuations in vehicles that were on

the road. In October to December 2010 and in late January 2011 a more representative survey was undertaken in different weeks and on four different days (Monday, Wednesday, Friday and Saturday). Operators again did not accept these results, and a review period ensued spanning later months in 2011. This review period was followed by on-board spot checks (“dipstick surveys”) on all affected routes, and finally agreement was reached on the results.

The survey results served three primary purposes. Firstly, it allowed affected associations and operators as well as their affected routes to be identified. Secondly, the market share by revenue could be equated directly to shareholding in the VOCs and profit sharing in the MyCiTi operating contracts. Lastly, the surveys allowed income from existing operations to be calculated; these calculations served as the basis for determining compensation. In relation to market share, in accordance with Section 79 of the NLTA the municipality could not summarily withdraw valid operating licences, and either had to wait for the validity period to run out or offer operators an alternative. The alternative – becoming MyCiTi operators – proved insufficiently attractive on its own. Thus, the municipality negotiated with operators to buy out their businesses, in return for which operators would surrender their licenses. Operators who did not want to surrender their licenses in return for compensation could run their operations until the expiration date, after which their licences would not be renewed and they would not be allowed to re-enter the public transport market.

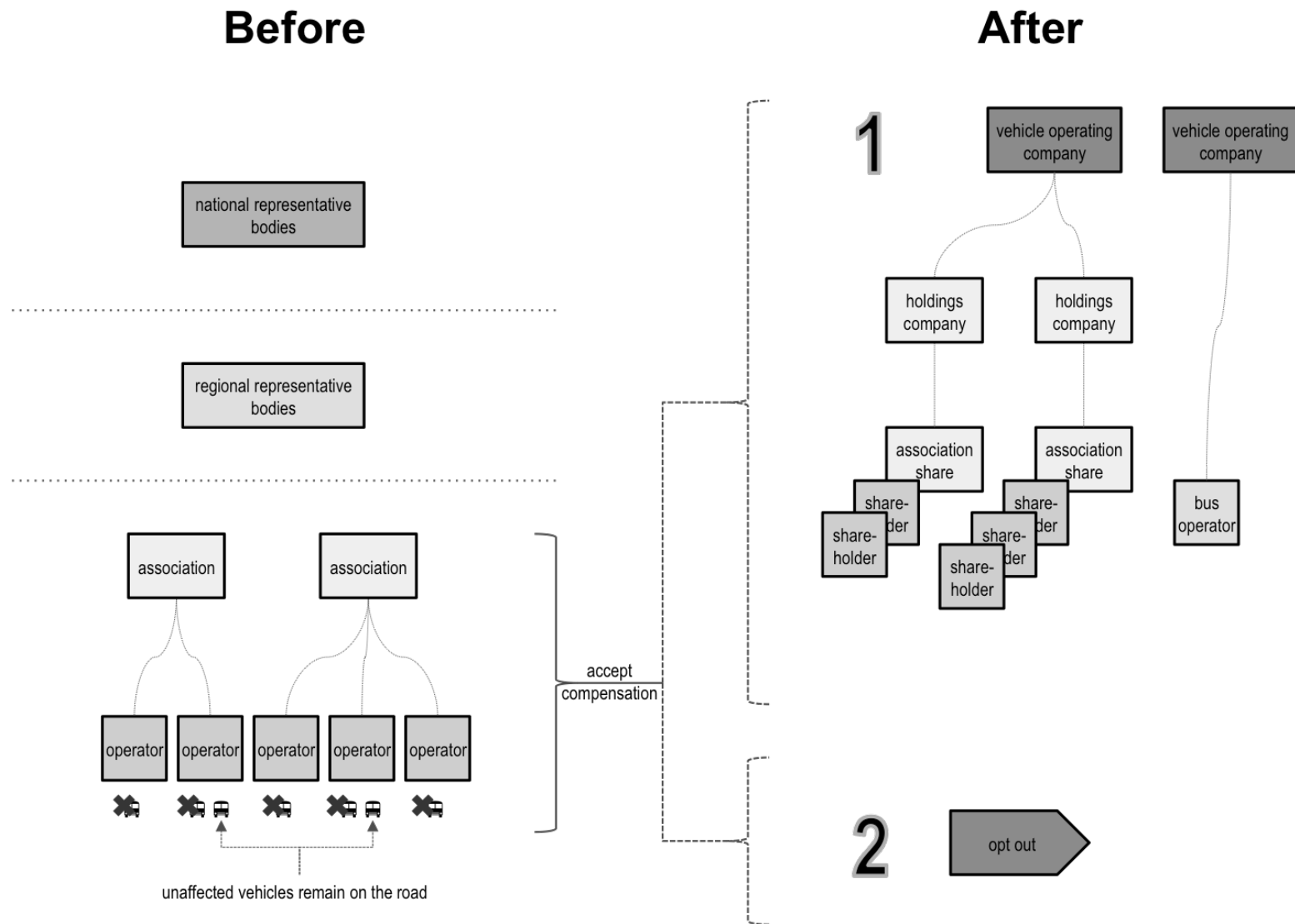
In determining compensation three categories of license-holders were identified: operators holding definite operating licences, holders of indefinite licenses not yet converted under the NLTA or through vehicle scrapping, and “semi-legal” operators. Semi-legal operations were those whose vehicles were not in operation and their licenses deemed dormant, or whose license applications were submitted but not yet approved. In the survey review period the status of semi-legal operators was finalised: the applications in process were expedited and the status of dormant or inactive licenses clarified. Indefinite licenses were deemed to have a validity period of seven years, the maximum allowed for under the NLTA. Definite licenses (including those from the semi-legal group that had been established as being fully valid) were assigned a five-year timespan – the average validity period remaining on all such affected licenses. To calculate the future profit that operators would lose due to the withdrawal of their licenses the municipality subtracted legitimate existing operating expenses (e.g. fuel, maintenance, wages and insurance) from the surveyed revenue. The resulting profit was then multiplied by the respective five- and seven-year period and discounted to net

present value. This was the compensation amount that was offered as a collective pot to each association. A proportion of the pot went to the association as a collective (for the good of all members) while the majority of proceeds were distributed to affected members.

Some operators held multiple operating licences, and for each affected license they were compensated; their vehicles tied to licenses that were not affected by MyCiTi routes could continue operating unchanged. Compensation in the case of paratransit vehicles operating on routes only partially overlapping with MyCiTi routes was proportional to the extent of overlap. Such affected portions of the route would be struck from the operating licence. With the withdrawal of an operating licence the vehicle tied to such a license had to be surrendered to the municipality for scrapping. The municipality offered amounts for such vehicles depending, amongst other criteria, on market value, age, mileage and condition. From this point operators receiving compensation had two options. They could either take compensation and a vehicle scrapping pay as a lump sum cash amount and retire from the public transport sector, or invest such proceeds in the VOC. Compensation amounts were in the order of hundreds of thousands of rands per license, while the scrapping allowance was equivalent to the TRP amount.

In principle the compensation value of one operating licence equated to one share in the VOC. The capital from each such share was collected in an association-based holdings company. The associations' holdings companies were in turn the shareholders in the VOC (see Figure 3-7). The existing bus companies, GABS and Sibanye, were initially envisaged to become shareholders at this level, though with the formation of Company C (TBRT) and the consolidation of the bus market share in this company the VOCs were either bus-based or paratransit-based. Also, though the national and regional paratransit representative bodies that initially claimed an interest in the transition process still existed, they held no stake in the MyCiTi system. By moving their affected operations across to MyCiTi VOCs, paratransit operators left the paratransit industry (either completely or in part) and entered bus operations, which fell outside the mandate of these representative bodies.

Compensation and shareholding in the VOCs attended in large part to the first national promise: that of operators not being worse off. The second promise – the retention of legitimate employment opportunities – led to a process running parallel to the market share surveys in which the municipality and affected operators and associations created an employment register. All employees directly employed by paratransit operators (primarily



**Figure 3-7: Compensation and operating company formation**

drivers and conductors) were to be placed on the register and as the different Phase 1 routes opened would be placed in positions in VOCs and the stations, though these would not necessarily be similar to their pre-transition positions.

In 2012 the municipality made it clear that the introduction of MyCiTi would not impact adversely on the overall employment situation in the transition from paratransit to MyCiTi services (CoCT, 2012a), and indeed where necessary employees were trained for their new duties be it to work on the buses, in stations or at depots. It has, however, proven difficult in practice to create enough sustainable opportunities within the MyCiTi system to accommodate all affected paratransit employees. Paratransit drivers' low skill levels have in particular made it difficult for them to be trained as bus drivers, and a number of drivers thus retrained have already had to be dismissed (McLachlan, personal communication 2014, 15 August).

### **3.3 MOTIVATING FOR GREATER INSIGHT INTO PARATRANSIT OPERATORS' VIEWS**

In conceptual terms the dimensions of public transport reform described in Chapter 2 was an attempt to describe the complexity of reform. Such complexity may in part explain the delay in implementation of Cape Town's IPTN. In the case of the MyCiTi project all three axes of paratransit operations – business, service and competition regulation – saw change. As the Cape Town case showed, it was a difficult path to get paratransit operators to consolidate and become shareholders in MyCiTi VOCs. Government's sustained efforts and significant funds injected into the project in the form of transformation stimulus had a clear role to play in achieving the outcomes to date. Though it may thus superficially seem that the complexity of the task of reform is to blame for slower than anticipated progress – placing significant strain on all parties involved in the process – I would suggest that there are subtler motivations behind paratransit's resistance, or lack of enthusiasm, for taking up MyCiTi's transformation offer.

Paratransit representative bodies above the level of local associations have been left out of the reform “deal”. The NTA entered the fray as a voice of dissent around the time of the World Cup preparations and registered its opposition to the national policy position. It did not argue against the country playing host to the World Cup, but rather that the national government took for granted paratransit incorporation into the reformed public transport systems. The NTA's reactions pointed to what appeared to be the national government's stance that

paratransit was inherently bad and had to be eradicated, and that BRT was the mechanism to do this. Much of this initial resistance against BRT, in which SANTACO also played a role, can probably be ascribed to it becoming a symbol for paratransit reform. With BRT being a new concept in South Africa at the time, it would have seemed threatening to large representative bodies such as the NTA and SANTACO, and not only to their member operators.

While the local voices of dissent do not seem to have had much impact on policy – but rather on the manner in which the municipality engaged with operators – when SANTACO and the NTA took up the cause nationally it seems that government took note of paratransit’s voice. The labour retention and profitability promises were subsequently made at national level, and became part of policy. These promises in turn had to be upheld by the local municipality, which impacted on negotiations by placing more power in the hands of paratransit operators. Regardless of these later developments, there is little evidence to suggest that operators or any of their representative bodies were involved in initial policy formulation. Indeed, the first MyCiTi project report (CoCT, 2009:22) confirmed that “broad industry consultation” only came well after the municipality penned the project principles in 2007, with the choice of wording (my emphasis) suggesting a one-sidedness to such consultation with respect to individual associations:

The process of formal[ly] engaging the broader transport industry started in November 2008. Meetings were convened with the Western Cape Provincial Taxi Council (WCPTC) [a branch of SANTACO] representing the broader minibus taxi industry. This council has been positive about the IRT, although it has reserved its rights and continues its discussions with the City.

An IRT Summit was arranged on the 27 November 2008 at Ratanga Junction to which two representatives from all minibus taxi associations in the Western Cape **were invited [to] hear a presentation on IRT and to hear views** and discuss the project. However, this gathering was disrupted and could not continue.

It was mainly by way of protest that the paratransit operators moved from being listeners to having their voices inserted in the policy implementation process. On Arnstein’s (1969) ladder of different forms of participation this *informing* approach is the highest degrees of tokenism (see the related discussion in section 1.3). From an initially public sector-imposed policy, in practice the reform process became a partnership by necessity, and in some instances even collaborative (e.g. in compiling the employee registers). It took time for this shift in relationship to emerge, which was not allowed for in the original project planning. It also required resolution around the financial principles and cash sums that operators would

receive, which, once settled, paved the way for the contractual details to be finalised. It is noteworthy that with the emergence of this more constructive engagement process between the Cape Town municipality and paratransit operators that emerged after the World Cup, the voices of higher-level representative bodies disappeared from the reform policy discourse.

The reasons behind the delay in TRP implementation are different to those that impacted on Cape Town's IPTN project. In relation to the dimensions of reform, the TRP did not necessitate far-reaching changes to paratransit business structures. It focussed rather on the individual vehicle and owner and aimed to improve service quality by facilitating access to newer, safer vehicles. In these terms the TRP was thus a less complex undertaking than the IPTN programme. The TRP was furthermore the direct result of the NTTT's efforts, which captured the voice of paratransit in a national consultative process. It would thus be inaccurate to claim that it was a policy formulated solely by the public sector. As Van Schalkwyk (2009) notes, one of the key factors behind the failure of the TRP to be widely taken up is the large gap between the scrapping allowance and the price of a new approved minibus. However, the national government is hardly forcing operators to sign up for scrapping their old minibuses, yet there has been a continuous trickle of paratransit owners making use of the upgrade facility. Clearly there are different dynamics at play, though unlike in the case of the IPTN project, the TRP does not seem to be a site of a power struggle. The TRP in its first six years has had a broader geographic reach than the PTS achieved in its first six years, and has arguably had a similar wider impact on the quality of service. The differences between the two policy programmes, and how they do or do not respond to the views and interests of paratransit operators, thus deserve further investigation.

### **3.4 SUMMARY AND CONCLUSION: REFORM APPROACH AND IMPLEMENTATION IN CAPE TOWN**

The first part of the chapter presented three key moments in the evolution of government's approach to paratransit reform since 1994. The first key moment was the formation of the National Taxi Task Team (NTTT). The team engaged extensively with paratransit operators, and its recommendations informed national transport policy and ultimately led to the creation of a comprehensive paratransit representative structure. The NTTT's findings also led to the next key moment in reform evolution: the launch of the Taxi Recapitalisation Programme, and its roll-out nationally from 2006. The third and last key moment was the release of the DoT's Public Transport Strategy and associated Action Plan in 2007. This programme sought



to install new public transport systems (termed Integrated Public Transport Networks, or IPTNs) in major urban areas around the country. These IPTNs would in a phased manner consolidate paratransit operators into bus operating companies.

The second part of the chapter documented the process in which paratransit operators in Cape Town were incorporated into this city's IPTN, the BRT-focussed MyCiTi system. Starting in 2008 there was relatively unstructured interaction between the municipality and paratransit operators. Operator protests and the contractual commitments for public transport service improvements for the 2010 FIFA World Cup led to more focussed negotiations with operators, particularly with those whose existing routes would be affected by the proposed MyCiTi routes. After the World Cup the municipality's focus turned towards the long-term public transport services and the establishment of commercial entities to operators the system. At first negotiations centred on interim contracts until these vehicle operating companies (VOCs) could be formally constituted. Negotiations were drawn-out and complex, leading to the interim regime being extended until 2013. A legal challenge by a subsidised bus operator also led to an increase in the number of VOCs in the first-phase system from two to three companies. The 12-year negotiated gross cost contracts with these VOCs were concluded in 2013, and the number of routes expanded since then.

The TRP and PTS programmes have taken different approaches to public transport reform. Reflecting on the conceptual discussion in Chapter 2, the TRP is an *in situ* paratransit service and regulatory improvement approach, while the PTS followed a BRT implementation and paratransit assimilation approach. A number of the lessons from international cases presented in Chapter 2 also apply to the South African and Cape Town contexts. Public authorities had to invest substantial time and effort in developing a constructive relationship with the paratransit sector in order to attain their buy-in to an infrastructure-led PTS programme. Large-scale formalisation has been difficult to achieve, and the great majority of paratransit operators remain outside the IPTN fold in Cape Town. This majority has been largely excluded from engagement and their potential reactions are thus untested. The reform implementation process has shown that regulatory transitions are more achievable if these are developed with due consideration to paratransit businesses' operating and socio-economic environment – the aligned NTTT and TRP process is a case in point. Crucially, while reform programme formulation has been led by the public sector, paratransit operators and collectives have shown that they hold the power to block change or to force the reform agenda

to be amended. The actual motivations of paratransit operators and collectives, and how these may correlate or clash with policies of reform, remain poorly understood.

In order to better understand how paratransit operators could be drivers of change, and how the reform programmes could be refocused to facilitate such change, I conducted qualitative, semi-structured interviews with a selection of these operators in Cape Town. In Chapter 4 I present the method that I followed in selecting and engaging respondents around public transport reform and on their business needs and aspirations. In Chapter 5 I present the outcomes of these interviews.

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## **4 INVESTIGATING PARATRANSIT OPERATORS' VIEWS: INTERVIEW PREPARATION AND PROCESS**

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Thus far I illustrated alternative approaches to public transport reform, how the approach in Cape Town evolved to focus on the assimilation of paratransit operators into a new BRT system, and that paratransit operators have largely been co-opted into participating in reform. These outcomes are as yet only a partial response to the research aims, and do not provide sufficient guidance to understand ways in which the reform process could be adjusted to secure greater cooperation from this crucial group of public transport stakeholders. In this chapter I describe how I set out to directly solicit paratransit operators' views to gain insight into their attitudes to reform and into ways in which the current approach to reform might be adjusted to capitalise on their business needs and aspirations. I aimed to engage operators on a voluntary, open-ended basis with the hope that it would be more constructive and insightful.

This chapter starts with a description of the research population and the sample of this population that I aimed to interview, followed by my framing of the interviews. I then describe the way in which I gained access to the sample and how this process impacted on my expectations. Subsequent to this I report on the pilot process, how it changed my approach to the main interviews, and the process of conducting the main interviews. The chapter closes with a description of the actual sample of respondents that I was able to interview, and reflecting on this sample, differences between my expectations and experience in practice.

### **4.1 POPULATION AND PROPOSED SAMPLE**

MyCiTi's impact on operators in practice was limited to those whose operating rights were affected by new bus routes within a project phase area, and to the associations to which these operators belonged. Negotiations were conducted at association level, and the Vehicle Operating Companies (VOCs) were defined according to associational divisions. Though it was not spelled out, the municipality's decision to focus engagement at association level was likely to have been pragmatic. Associations serve as *de facto* regulators of market entry, and as a result hold significant decision-making power. The number of individuals around the negotiating table would also be smaller if only the leaderships (who are operators themselves) of affected associations, rather than all affected members, were involved. The Public Transport Strategy (PTS) furthermore placed a strong emphasis on a phased approach to the roll-out of the public transport reform programme. This approach relied on geographic segmentation. The municipality divided the Cape Town urban area into four project phases

(see Figure 1-2 in Chapter 1), with the first phase covering the city centre and the coastal belts to the north and south. The second planned phase spread into the high-density south-eastern sector, and the last two phases were projected to reach the remaining north-eastern and eastern sectors. Direct engagement between the municipality and paratransit operators on the MyCiTi project did not involve operators below association leadership level. The MyCiTi engagement process thus did not provide insight into the attitudes of the majority of paratransit operators in Cape Town: not only were the views of member operators (i.e. non-leadership) in the first phase area obscure, but also of operators and associations in the other project phase areas.

My aim was to gain insight into the views on reform and the aspirations of associations' leaders and individual member operators across MyCiTi project areas. Where leaders were involved in MyCiTi engagement, dialogue with them could shed light on their views and aspirations for their association as a collective that has been affected by reform, as well as for their individual businesses. Member operators affected by MyCiTi could again reveal attitudes around MyCiTi's impact on their businesses, but also their views on how they were being represented by their leadership in the MyCiTi negotiations. In contrast to association leaders and operators affected by the first phase of MyCiTi, for leaders and operators outside this project phase, MyCiTi engagement and its impacts on their businesses were still only prospects. Their attitudes to reform and their aspirations for their own businesses were unlikely to have been shaped as closely by MyCiTi as were those of leaders and operators whose associations and businesses were involved in the formation of first-phase MyCiTi VOCs.

The MyCiTi project, as an example of PTS implementation, was not the only reform impacting on paratransit operators in Cape Town. Understanding operators' attitudes to reform also involved testing their views on the TRP. While all paratransit operators had access to the TRP vehicle replacement mechanism, it was possible that operators in the first phase of MyCiTi might focus more on concerns related to MyCiTi's reshaping of their entire business environment, and less on the more moderate changes heralded by the TRP (as per the dimensions of reform discussed in Chapter 2). Operators outside the first phase of MyCiTi might offer more insight into the TRP as the MyCiTi project did not yet impact directly on their businesses.

The research population was thus all paratransit operators in Cape Town. In order to draw comparisons between attitudes in the different project phases and across different

associations, I initially proposed to select a sample of operators along the lines of the project phases and the associations in each such phase. At the time, in 2011, the City of Cape Town's 2007 *Operating licences strategy* (CoCT, 2007a) was the latest available record of the associations operating locally in the city, and it indicated that there were 104 such associations. I matched the associations against the project phase within which they fell (see Appendix A: Associations by MyCiTi project phase). The result was nine associations based in the first phase region, 67 in the second phase, four in third phase, and 24 in the last project phase. Due to the qualitative approach to interviewing operators (as discussed in Chapter 1) I had to conduct and record all interviews, and for time and resource reasons I limited the selection to 15 associations, preceded by a pilot amongst two more associations. Proportionally this translated into one association in Phase 1, 10 in Phase 2, one in Phase 3 and three in Phase 4. For the purposes of comparability between associations within the same project phase I increased the sub-sample in Phase 1 and 3 from one to two associations each (and reduced that of Phase 2 to eight). Because it was not possible to know at that time which associations would allow access, or be reachable in the first instance, I accepted that it might be necessary to adjust the number and proportional distribution of associations later on.

Within the phase-based delineation my aim was to interview a sample of operators in each association to cover different conditions under which they might typically ply their trade. Some operators might not have been registered for income tax purposes nor hold operating licences, which from the regulatory point of view would be informal ownership and privately regulated competition (or "pirates" in colloquial terms), while others might have operated under a formal business structure and with full fleets of publicly licensed vehicles. It was not possible at the outset to say what range of operators between the 'formal' and informal' extremes could be engaged, but my intention was to interview at least one operator with a large fleet of vehicles and one operator with only one vehicle in each association. The minimum sample of respondents that I aimed to interview would thus amount to 30 individuals, or 30 separate interviews. In addition there would be the four pilot interviews. I would elicit respondents' views on the associations to which they belonged, and then gauge what would be feasible or necessary in terms of engaging further operators between the large/small fleet extremes and/or specifically target those holding leadership positions.

The purpose of interviewing a spectrum of operator respondents was to shed light on the degree to which there was a diversity of needs and aspirations within the paratransit sector

and between operators and their associations. This in turn could provide insight into the appropriateness of the current reform programmes that offered all operators the same options (incorporation in a IPTN VOC and/or vehicle recapitalisation) and into the method followed in the MyCiTi project of engaging operators indirectly through their associations. By way of a hypothetical example, a small fleet owner might have concerns primarily at a day-to-day subsistence level and be of the opinion that his or her voice carried no weight in the association, whereas a large fleet owner might be more concerned about longer-term fleet renewal and financing costs and have in mind a future in the formal sector. Association leaders' concerns may altogether be different, and may centre on maintaining their funding streams and influence over operators. Targeting across the spectrum of respondents might reveal if and under what conditions heterogeneous policy, regulatory and engagement approaches would be more appropriate.

## **4.2 INTERVIEW FRAMING**

To understand operators' reactions to the imposition, impact and fit of reform policies required investigating not only their attitudes towards these policies, but also the context shaping these attitudes. In effect it required sketching a before-and-after picture of what changed, and then capturing operators' views on such change. As a guide I referred to the dimensions of reform as discussed in Chapter 2 and the description of the reform proposals and implementation process from Chapter 3. Table 4-1 shows the result. The column on the left covers the main aspects of each of the dimensions of reform that underwent some form of change, while the remaining columns compare these aspects across the pre-reform, TRP and MyCiTi contexts. A change in shading represents a shift from the pre-reform state.

As a next step I compiled a four-part interview schedule that could capture operators' and associations' views on the various changes that the reform programmes imposed, whether there were needs not met by the reform programmes, as well as details on the specific context of the respective associations and operators. The schedule was divided into two sections each for association leaders and for operators (see Appendix B: Pilot interview schedule). Section A contained questions that would characterise the association (its structure, business interests, membership and routes), followed by qualitative questions in section B on competitiveness with other modes, regulation, the two policy programmes and the association's aspirations and needs. Section C was a similar characterisation to section A, except that it focussed on the operator's individual business – its history, size, labour and financial aspects, and relationship

to the association. This would allow me to place each operator respondent in the sampling spectrum. The qualitative questions in section D were the same as those in section B.

**Table 4-1: Operators' context before and after reform**

	pre-reform	TRP and NLTTA	MyCiTi / IPTN and NLTA
competition			
regulatory mechanism	radius-based, indefinite or definite operating licence	all operating licences converted to definite	negotiated 12-year contract, definite operating licence
competition type	in the market	in the market	for the market
rights holder	paratransit operator	paratransit operator	VOC
market entry control	public authority and operator association	public authority and operator association	public authority
business			
ownership structure	atomised	atomised	collective
type of ownership	predominantly sole proprietorship	predominantly sole proprietorship	shareholder in VOC
management structure	operator and association	operators and association	VOC board
income	cash income from target/commission system	cash income from target/commission system	compensation and dividends from contract profit
financial resources	personal, lending institutions	personal, lending institutions, scrapping allowance	public sector subsidy, lending institutions, share capital
service			
unit of service (legal)	vehicle with seating capacity as specified by various Acts	DoT-specified mini- or midibus	public authority-specified bus
schedule	unscheduled	unscheduled	scheduled
routes	radius-based or origin and destination points	origin and destination points, route sometimes defined	defined routes and stopping points
dedicated infrastructure	major ranks, some time-restricted rights-of-way	major ranks, some time-restricted rights-of-way	stations, stops, depots, permanent trunk rights-of-way

The purpose of this two-part structure was to ease respondents into the interview process (O’Leary [2005] notes the importance of doing so). I expected that views around policy, regulation and reform were likely to be strong and might lead to ‘venting’ on the part of respondents – I was conscious of the possibility of outbursts similar to those against the municipality reported on in Chapter 3. The first part of the interview would thus explore arguably less controversial and more matter-of-fact elements. The purpose of these shorter,



non-qualitative exchanges was not only to establish rapport with the respondents prior to moving on to more difficult subjects explored in the second part of the interview, but also to gain key information that would allow respondents to be located within the sampling frame. The second part was also strategically planned. It opened with prompts that could lead respondents to consider external or broader points of view – that of passengers and of the paratransit industry as a whole – before delving into the more complex arena of policy and regulatory transformation. It was a concern that the first part of the interview might take longer than expected to complete, thus compromising the time available for discussing the second part and leading to respondent fatigue. However, if the interview commenced with what I foresaw to be the most controversial matter first it could be difficult for me to direct the course of the interview thereafter. The only way in which I would know if these fears were founded was to conduct pilot interviews, but to do so first required gaining access to the research population.

### **4.3 ACCESS**

I planned to pilot the interview process with two associations and their operators, to be drawn from amongst the eight associations that had already been engaged by the municipality in the first phase of the MyCiTi project. My motivation for piloting with this group was that access had already been established, if not directly at operator level, then at least with the relevant associations. There were many uncertainties prior to embarking on the interviews that could only be dealt with in actually conducting them. Amongst other concerns I did not know how many or which operators or associations I would be able to access, whether they would be willing or able to reflect on their relationship with their associations and operator colleagues, or to what extent I would encounter difficulties in running the interviews in practice. The greatest challenge was access. In the course of 2009 and 2010 I explored many opportunities to find an “informant” – an insider who is part of the research population (Fontana & Frey, 2000) – or alternatively a public sector official or consultant with existing contact with paratransit operators or associations who could facilitate access.

It was through a meeting with a World Bank-funded delegation from Dakar in mid-2010 that I was fortuitously introduced to the transition facilitator for MyCiTi’s Company B, Mr Nico McLachlan. I subsequently established a good rapport with him, and in a discussion early in January 2011 he offered to assist in arranging access to these operators. I was aware that, because of the group of prospective MyCiTi Phase 1 operators’ prior exposure to the policy

programme, their responses – especially around the mechanisms of reform – might be different to those of operators in other parts of the city who remained as yet unengaged. Responses from the pilot group would nevertheless remain valid as these would still fall within the aims of the research, i.e. to test paratransit associations’ and operators’ attitudes towards regulation and reform.

A further potential difficulty that I foresaw was gaining access to operators outside the first phase area as these operators were hard to reach (see the research approach discussion on this in Chapter 1). However, pre-existing links between operators inside and beyond the first phase divide could allow for a snowballing approach to establish contact. What I also hoped for was that the pilot interviews would prove my credibility and independence from government-led processes and that this would ease access to operators outside Phase 1. Mr McLachlan mentioned that he was supported in the transition negotiations by Mr Thabiso Botha, who had inside connections to associations and the broader paratransit industry structures in Cape Town. Mr Botha was also fluent in all three of the regional languages – Afrikaans, English and isiXhosa. Mr Botha was not strictly speaking an informant as he was not part of the research population, but at the very least he could open doors to a greater segment of the research population than only operators in the first MyCiTi phase. He could also assist in case language proved to be a barrier.

I was able to establish contact with Mr Botha in June 2011 and he agreed to assist me in conducting the interviews. We met that same month, on 20 June, to discuss his role and how we would go about arranging the pilot interviews. I also asked him for his advice on the interview process, on the content of the interview schedule, and on issues related to the paratransit industry that I was unclear on but did not want to explore during the interview process. I was concerned about my personal safety during the interviews and on how I would be received by operators. I was not proficient in interviewing as a research method and I expected that operators’ hostile reactions to the MyCiTi project and IPTN programme would carry through into the interviews and into the way that respondents saw me. Mr Botha allayed these fears by confirming that my approach of using an intermediary familiar to operators was appropriate as a way in and would build the foundation for operators to trust me. My independence from any form of government entity would also count in my favour. The response to my question on how I should record interviews was not to use an audio recording device as it would likely undermine trust. Regardless of any reassurance of confidentiality I

could give, respondents might not want to have their voices “on record”. I thus had to record interviews using handwritten notes (this is the reason for the brevity of illustrative quotations in the next chapter as there were no recordings that could be transcribed).

In relation to the interview schedule he suggested that I steer clear of direct questions about operators’ business finances, as this was a sensitive topic. MyCiTi compensation package values were directly related to paratransit businesses’ profits, and thus were a sensitive issue during negotiations between the municipality and affected operators. Mr Botha did, however, provide me with an overview of operators’ typical cash flows and generally how operators manage their businesses, which was informed by his involvement in the MyCiTi operator transition process and prior work in the paratransit sector. It furthermore seemed that my ambition of targeting a spectrum of operators was wishful. In Mr Botha’s view smaller operators were unlikely to express their individual points of view or be accessible for interviewing, nor would operators be willing to speak out about association-related issues that irked them. Associations would be gatekeepers to individual operators, not unexpected given my prior understanding of their unofficial role as regulators. It was unlikely that operators would step over this boundary out of fear of displeasing the larger more powerful operators or association leaders and of potential reprisal. As a result I accepted that I would have to access both leaders’ and operators’ attitudes during the same interview. I amended the interview schedule by omitting the original Part B; I would ask about the characteristics of the association, followed by those of the businesses of each of the respondents, and last gather their collective views on the industry and on reform.

I not only had to revise my ambitions of directly accessing individual operators. It also quickly became evident that the associations that I could access depended on those that Mr Botha had ties with<sup>11</sup>, and that my proportional allocation across project phases was unrealistic. His contacts were concentrated in the first project phase, understandably so due to his involvement in the industry transition process in this phase. Across other project phases his connections were uneven and limited. As a first step we agreed on conducting only one pilot interview with an association outside the first project phase, after which we would decide how best to proceed based on both his and my impressions of what would be feasible and adequate to cover my research needs. We could always fall back on the Phase 1 operators

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<sup>11</sup> Despite exhaustive efforts I could not identify a similarly positioned individual who had direct access to paratransit associations in Cape Town and who had insight into the paratransit business model, the MyCiTi industry transition process and the TRP programme.

if those in the other phase areas could not be accessed, since the views of those in the first phase were better known than in other areas as they had already been exposed to the industry transition process. We also agreed that we would wait until after the pilot to discuss the terms under which I would engage his intermediary services.

#### **4.4 INTERVIEW PILOTING**

For the pilot Mr Botha and I selected an association operating in Gugulethu, falling in the second project phase. The respondents' first language was isiXhosa, so it was likely that we would also be able to test how translation, interpretation, and note taking worked during the interview. Mr Botha contacted the association and arranged a meeting venue at the Civic Centre in central Cape Town – where his office was at the time – for an interview in July 2011. The association was not averse to meeting at Mr Botha's office despite it being at the municipality headquarters, which I did not perceive to be a neutral venue. We did not know before the interview started how many respondents from the association would attend. In the end three respondents arrived for the interview, all serving on the association's executive board. Mr Botha introduced me and my research, after which I gave an overview of the interview process. This covered points such as confidentiality, record-keeping and respondents' option to end the interview at any time. I also handed out a hard copy introductory letter from the Centre for Transport Studies (Appendix C: Introductory letter).

The respondents were from the outset receptive to being interviewed. I started by posing the short questions in Sections A of the interview schedule in English, and the respondents answered in isiXhosa followed by Mr Botha translating back to English. I then noted the question number, which respondent was speaking, and what the response was as succinctly as possible. The respondents appeared to understand most of what I was saying, asking only for specific translations every now and then, but only responded in isiXhosa. Section B of the interview, on operators' own businesses, followed in a similar manner. The short question-and-answer format seemed overly mechanical. It was only when we got to the open-ended, qualitative questions in Section C that the respondents became more animated and my role in the interview changed from what felt to me like being an interrogator to being a discussion prompter.

After the interview I completed the response column in the interview schedule, typed up my handwritten notes, added recalled details to responses as well as my comments that I did not

capture in writing during the interview, and noted my personal reflection on the interview. My sense was that this first pilot interview had been a success, but it did prompt me to consider focussing less on the short questions as they took up time, especially in having to be translated. Interview time would be better utilised in exploring the topics of industry connections, regulation and reform in more depth. Moreover, with having to shift my expectations around accessing different types of operators it became less important to try to characterise respondents and associations, and more important to allow individual respondents within the group setting to express their opinions and identify issues that were important to them at both individual and collective levels. The pilot did not highlight any other serious issues in my approach to conducting interviews. Handwritten note-taking with recall shortly after could work as a recording method; the intermediary's presence and capacity to translate were essential; and I could access attitudes relating both to collective (association and industry) and individual (operator's history and business) concerns.

## **4.5 MAIN INTERVIEWS**

Subsequent to the pilot interview I prepared a revised sampling strategy and made some adjustments to the interview schedule (see Appendix D: Main interview schedule). On a map of Cape Town I marked out the MyCiTi project phases and the main suburbs in each phase. When Mr Botha and I met again we marked on this map which associations he had contact with. The purpose of the map was to maintain a balance across the city's geographic area as well as across project phases. We identified four associations that he would approach after our meeting for potential interviews – one in each project phase – and four more to be contacted at a later stage<sup>12</sup>. It thus seemed that the potential sample would be limited to eight associations, plus the completed first pilot interview. In view of this limited access there seemed to be no purpose in conducting further pilot interviews, and given that the pilot had been mostly successful the priority was rather to conduct as many interviews as possible.

Mr Botha agreed to arrange interview times and venues, either at the associations' offices or at the Cape Town Civic Centre. In preparing for the first set of interviews I prompted him with times and dates that I would be available over the following two to three weeks, and he contacted the associations. Practice yet again proved different to my expectations. In February

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<sup>12</sup> The chairperson of the Western Cape Provincial Taxi Council (the regional branch of SANTACO) had close ties to one of these associations, and if he could have been interviewed it might have brought a regional perspective to my interviews. In the end the interview did not materialise.

2012 we conducted two interviews, and in May 2012 a further three. The gap between interviews was the result of operators' and Mr Botha's limited availability: all the interviews had to take place during off-peak paratransit operating hours in the late morning or early afternoon, and Mr Botha had on-going and often clashing work and travel commitments. With the intermediary's time not being under my direct control it took far more effort to arrange and conclude each interview. This was contrary to my initial assumption that interviews would be hampered primarily by paratransit associations' and owners' resistance to being interviewed by a person outside of their own industry and culture.

Drawing on my experience with the pilot interview, I adjusted the structure of the interview. At the beginning of each interview Mr Botha would introduce me and the aims of my research, followed by an outline by him of the City of Cape Town's MyCiTi project and of his role during the interview as facilitator. After this I took the lead for the remainder of the interview. First I specified the key (qualitative) topics that I hoped to gain respondents' views on: public sector regulation, operators' business needs and aspirations, and the two reform programmes. Thereafter I quickly covered the characterisation questions. In some of the interviews operators were in any case reticent to give details of the fleets that they operated or of their broader business interests.

Including the pilot interview, three of the interviews took place at a meeting room at the Civic Centre, and three at the associations' own offices. The duration of the interviews did not vary significantly: four of the interviews lasted an hour and a half, one two hours and one an hour and a quarter. The duration was determined by respondents' available time and fatigue, which appeared to set in after about an hour and a half. Of greatest concern to nearly all respondents was their anonymity, and in the case of two of the interviews it took some time to overcome respondents' resistance to the interview being conducted once they learnt what the subject of the interview was. In one of the latter cases respondents' initial reaction verged on being openly hostile, but after some minutes of frankly presenting the motivations behind my research and my express aim of not being partisan, the interview proceeded and in fact proved very insightful. The decision not to use an audio recording device, but rather only handwritten notes taken during the interview (see Appendix E: Interview notes example), seemed to have been significant to gaining respondents' trust. A further factor that appeared to impact positively on respondents' willingness to be interviewed was my affiliation with a university

rather than a government agency. My attempt not to gain access to associations via a government contact may also have played a role in confirming my ‘independent’ status.

Unexpectedly, it was the question on the way in which respondents entered the paratransit industry that gave significant momentum in many of the interviews. Particularly older respondents would expound on this topic, after which the interview flow turned to the key topics that I wished to explore with minimal prompting from me. In an organic manner all the key topics invariably came up in each interview, though not always in the same order. Ultimately the interview schedule served mostly as an aid to my recall after the interview, rather than as a structuring tool during the interview (see Appendix F: Interview records). By the last of these interviews little new information was emerging even though by this point I had interviewed respondents from three of the four MyCiTi projects phases, and I was therefore no longer concerned about not reaching my initial target of 15 associations or about covering all the project phases. Moreover, the only missing project phase was the fourth one, which lay furthest into the future.

By 2013 my focus had turned to analysing the interviews, and starting to draw lessons across the different narratives of my thesis. In May 2013 a representative from a non-governmental organisation acting on behalf of the two mother bodies<sup>13</sup> in Cape Town contacted the Centre for Transport Studies at UCT. Engagement around MyCiTi Phase 2 had just started, and the operations of these mother bodies were centred in this project phase area. Additionally, one of the mother bodies was to be involved in the MyCiTi pilot service in this project area, the N2 Express, which was aimed to be launched by late 2013. The representative, Ms Siwe Coka, approached CfTS as she was unclear on the municipality’s intentions and was looking for guidance from an independent party on what MyCiTi entailed and how operators should prepare themselves for it. Her enquiry was forwarded to me, subsequent to which we met in my office. I suggested to her the possibility of interviewing members from these two grouping as a first step to understanding their concerns, which was taken up enthusiastically by both her and the leadership of the two mother bodies. In June 2013 the mother bodies arranged three groups of respondents to be interviewed by me. The first group of eight respondents was from the upper leadership of the mother bodies themselves, the second involved five individual

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<sup>13</sup> Prior to conducting the interviews I was unclear on what the mother bodies were other than the generic “umbrella organisations” that the City of Cape Town’s *Operating licences strategy* (CoCT, 2007b:37) refers to. The interview findings allowed me to detail the structure of the paratransit industry in Cape Town – see a graphic representation of this in Figure 5-1 in Chapter 5.

route managers, and the third was a group of eight minibus drivers. Though the latter fell outside the target population of my research, it offered an unexpected opportunity to gain additional insight into the broader industry.

Ms Coka was present at each of these interviews, and played a similar intermediary role to Mr Botha. However, though she facilitated access to the respondents and translated from isiXhosa to English where necessary, she did not have the intimate knowledge of the MyCiTi industry transition process that Mr Botha had. Prior to and between these interviews Ms Coka and I met at her request, during which she posed various questions of her own or that the operators she represented had asked her. These questions centred on public transport regulation in South Africa and in Cape Town, the aims of the national reform programmes, what the MyCiTi project comprised, and the details of MyCiTi approach to industry transition. I responded by offering her insights that I had gained into these topics as described in Chapter 3.

In conducting the last three interviews with Ms Coka as intermediary I used the same method as with the previous interviews. There were some differences, as noted hereafter, but none of these made the findings less insightful or useful:

- the respondent body approached me, as opposed to the other way around, and resistance to being interviewed was not an issue;
- the mother bodies' representative filled the role of intermediary and translator, and was not remunerated;
- the interviews took place on the UCT campus, which respondents reportedly saw as a neutral space;
- the respondents were open to being recorded on an audio device, though I took handwritten notes in the same manner as with previous interviews for the sake of consistency; and
- I omitted the ownership-related questions when I interviewed the drivers, instead adding a prompting question on the driver's work relationship with the vehicle owner.

As with the earlier interviews, responses converged around public sector regulation, business needs and aspirations (except in the case of drivers), and the TRP and MyCiTi programmes.



## 4.6 ACTUAL SAMPLE

In total there were 30 operator and eight driver respondents across the nine interviews, although the number of respondents varied widely from one association to the next, as did the position of each respondent within the association structure and the number of minibuses owned by each. Responses to the characterisation questions allowed me to capture these differences (see Table 4-2). The respondents present at each interview were determined by who from the association's board was available or by whom the association board chose to have present. Of specific note is that the chairman of TA4<sup>14</sup> stated that the association's board had selected particular interview respondents to offer varied points of view. The board's resulting selection included two members who were not on the board, one of whom was male and one female. By the association's admission female owners were a small minority in the paratransit sector (this is also evident from casual observations at paratransit ranks and on the road). Both of these non-board member respondents participated in the interview exchange as opposed to being merely observers. They were the only non-board member operators across all interviews, and the male respondent was furthermore the only owner-driver respondent. He was also the only respondent to own only one vehicle. The remainder of respondents reported owning a diverse numbers of vehicles – all minibuses – many of which were at the national average fleet size estimate of two vehicles per owner (Barrett 2003). The largest reported fleets of 12 minibuses were owned by a respondent from TA6, all in his personal capacity, and one from TA2. In the case of the latter, two minibuses were owned personally and 10 by a company registered to him.

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<sup>14</sup> In South Africa paratransit associations are commonly called “taxi associations”, which I abbreviated to “TAs” in documenting the interviews.

**Table 4-2: Respondents by operator association**

		TA1	TA2	TA3	TA4	TA5	TA6	TA7&8a	TA7&8b	TA7&8c	total
MyCiTi project phase		2	2	2, 1 <sup>a</sup>	3	2	1	2	2	2	
Number of respondents		3	2	3 <sup>b</sup>	8	1	1	7	5 <sup>c,d</sup>	8	38
Position in association	Board leadership <sup>e</sup> & operator	1	1		3	1	1	7			14
	Board member & operator	2	1	3	2				5		13
	Board member & non-operator				1						1
	Operator only				2						2
	Driver only									8	8
Minibuses per respondent	Owned in personal capacity	2	2 <sup>f</sup>	5 <sup>g</sup>	2 <sup>h</sup>	4	12	< 6 <sup>i</sup>	1 or 3	n/a	
	Owned in corporate capacity		10 <sup>f</sup>								

Notes:

<sup>a</sup> One respondent operated paratransit services in both the first and second MyCiTi project phases

<sup>b</sup> One respondent left the interview for an unknown reason three-quarters of the way into the interview

<sup>c</sup> These respondents were managers of routes on which the associations' members operated

<sup>d</sup> One of these respondents was also in interview TA7&8a, though in this instance he was a respondent in relation to his capacity as route manager

<sup>e</sup> Chairman, vice-chairman or deputy vice-chairman of the association's board

<sup>f</sup> One respondent owned two vehicles in a personal capacity; both owned 10 vehicles in a corporate capacity

<sup>g</sup> None of the respondents wanted to reveal the actual number of minibuses they owned, but stated that five minibuses each would be a fair estimate

<sup>h</sup> Average number across the entire association as reported as agreed by the respondents during the interview

<sup>i</sup> The respondents only reported owning multiple vehicles; the limit within the association is six per owner as stated by a TA7&8b respondent

#### **4.7 SUMMARY AND CONCLUSION: INTERVIEW PREPARATION AND PROCESS**

As set out in Chapter 1 paratransit operators indeed proved to be a hard-to-reach research population. My initial expectations around the process that I would follow in engaging this group had to be amended to suit the complex environment that they occupy, as did the way in which I conducted the interviews. Three considerations arising from my experience of expectations and practice as discussed above deserve particular mention. The first centres on the intermediary. It was difficult to find a suitably skilled individual to fill this role, but it was absolutely essential to do so. The intermediary's key contribution was to facilitate the interviews, but an additional role that I did not initially foresee was to serve as a sounding board for me before and after the interviews. The second consideration is that I had to learn on an ongoing basis. As the process that I described in this chapter illustrates, there were a number of obstacles that arose in the course of preparing for and conducting the interviews that I could not have dealt with before actually embarking on the process, nor that any qualitative research textbook would have adequately prepared me for. This demonstrates one of the core strengths of the qualitative approach allied to semi-structured interviewing – that it allows for flexibility in the face of uncertainty. This is the third consideration: I had to accept that unpredictability was part of the research context and of the research population. I was not only testing the attitudes of respondents, but also testing my own ability to deal with uncertainty in the research process; I could not be rigid in my expectations of the respondents or of the research technique.

From having thus far only reported on the preparation and process aspects of the interviews that I conducted, in the Chapter 5 I turn to the interview results and my observations on applying this research method in practice. It would be somewhat premature to draw further conclusions on the research technique – that is, semi-structured interviewing – before a discussion of the results that my application of this technique yielded.

## **5 INVESTIGATING PARATRANSIT OPERATORS' VIEWS: INTERVIEW RESULTS AND OBSERVATIONS**

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Whereas in Chapter 4 I documented my preparations for, and the process of, conducting interviews with paratransit operators, in this chapter I discuss the results that my application of the qualitative semi-structured interview method yielded. The purpose of this research procedure was to gain first-hand insight into the needs and aspirations of paratransit operators, as well as into their attitudes towards public transport reform in Cape Town. This was a partial response to the second research question, which aimed to match paratransit respondents' views to the existing approach to reform (Chapter 6 completes the response to this question). The views of paratransit respondents could then provide guidance in reflecting on the prospects of the current reform approach in this city and guide ways in which the current reform approach might be adjusted to secure more effective paratransit participation in reform (which is also discussed in Chapter 6).

This chapter has two main parts. In the first part I discuss the attitudes, aspirations and needs that respondents voiced during the interviews. This discussion is structured according to four themes that emerged from the interview responses, which were again linked to the research questions. The first two themes inform the first research question on government's approach to reform. These themes are the paratransit organisational context, and attitudes to government-led reform programmes. The third theme is individual and collective business needs, which relates directly to the second research question. The fourth theme is operators' aspirations and alternative reform strategies, which again relates directly to the second research question as well as to the third research question on potential adjustments to the approach to reform. In the second part of the chapter I discuss my observations on the non-verbal outcomes of the interviews. These observations centre on the issues of trust and on the hierarchical structure of the paratransit industry, which is connected to all three research questions.

### **5.1 RESPONSES**

The handwritten notes that I took during interviews included verbatim quotations of responses (or translated responses) that were relevant to the research questions or further illustrated respondents' attitudes. Since audio recording was not possible during most interviews (as described in Chapter 4) I had to limit the number and length of these quotations as capturing them diverted my attention away from what respondents said immediately afterwards. In a

small number of instances I failed to note the speaker, especially when multiple respondents spoke at once while I was taking notes and following the discussion thread. These are marked as such below; where noted I assigned a respondent (“R”) number, e.g. R3 from TA4. In the previous chapter I noted that there were some differences between the first six and the last three interviews, notably that the latter involved respondents from two associations in the same interview. To be clear on which group of respondents I cite I refer to the interview with the mother body leadership as TA7&8a, with the route managers as TA7&8b, and with the drivers as TA7&8c.

The lack of audio recordings meant that it was not possible to have a complete set of transcripts to analyse for keywords or trends using qualitative data analysis software such as NVivo or RQDA. As reflected later in this chapter, lack of trust and scepticism of outside intervention proved to be a major issue amongst respondents. After conducting the interviews I felt vindicated in the decision not to use audio recordings as it would have undermined my ability to build trust with respondents and to explore in detail the sensitive topics of the inner workings of the paratransit industry and of respondents’ own businesses (see also the discussion on the hard-to-reach nature of paratransit operators in Chapter 1). I thus had to accept the compromise of not having a set of complete transcripts but at least being able to conduct interviews.

The respective intermediaries and I had a brief discussion after each interview, if their time allowed, to reflect on the attitudes of the respondents particularly in relation to how such views were aligned or opposed to the national and local public transport reform approaches. Once I had conducted all the interviews I searched my typed interview records for common threads, informed by the discussions with the intermediaries and my research questions. I subsequently created a spreadsheet to sort responses and related quotations according to the aforementioned threads and by the interview to which the response or quotation belonged (see Appendix G: Interview results analysis). I linked these threads to the themes captured in the research questions, which I consolidated into a four-part discussion.

The first part is the organisational context of respondents and their relationship with public authorities. If government agencies want to engage operators around reform it is important to know if paratransit representative organisations such as SANTACO are an effective conduit for information and access to operators. If operators are hostile to one another and to government agencies it would also impact on paratransit operators’ willingness to participate

in reform. The second part focuses on respondents' attitudes to the two reform programmes, how they have been engaged around the programmes (if at all), and what their views are around the prospects of these programmes. The third part centres on respondents' perceptions of current individual business needs and collective industry needs. If these needs could be better met by reform it could secure greater operator participation in reform. Conversely, if current reform programmes do not meet these needs it could offer insight into operators' resistance to these programmes. The last part discusses respondents' aspirations for their own businesses and the paratransit industry, and their internal attempts at reforming their operations. If the government reform programmes were to be reviewed, the programmes might obtain greater participation from paratransit operators if the revisions reflected operators' aspirations and their own reform attempts where possible.

### **Paratransit organisational context and relationship with public authorities**

Attitudes towards the present regulatory system centred on the institutions and rules governing paratransit operations. There were two streams of responses: the first related to the institutions and rules within the paratransit sector, the second to public sector agencies.

#### *Paratransit institutions*

The higher levels of the paratransit hierarchy – i.e. regional and national representative structures – were perceived to be withholding information received from the national government. The information appeared to relate to changes to policy and regulatory systems affecting paratransit operations, although concrete examples were not mentioned. In the eyes of some respondents reasons for the lack of information flow were corruption and power struggles between factions and individuals within those structures, particularly within SANTACO. Respondents in TA2 and TA3 were previously on the boards of SANTACO and the allied WCPTC, and their views may have been influenced by the circumstances of their departure from these entities; indeed, two of these respondents intimated that they were forced out of SANTACO in recent years. With respect to the opinion that SANTACO was not fulfilling its mandate in return for the government funding and membership fees that it received, one respondent (R7) from TA4 spoke on behalf of his association:

We have little love for those people [at SANTACO] – they are stealing from us.

In relation to operations on the ground, and contrary to my expectations that saturation within the paratransit market would be one of the issues raised during the interviews, two respondent

groups stated that such over-trading was in fact not a problem. However, in general when respondents were asked whether they believed there were too many paratransit businesses and vehicles in the city, the question went unanswered. There are a few possible reasons or combinations of reasons for this reticence to answer. In general, responses in the different interviews revealed that by and large respondents appear to view their paratransit businesses within a limited timeframe (i.e. daily, weekly or at most monthly) and limited scale (i.e. only on their own routes or routes within their association). There could thus have been an outright inability or unwillingness to believe that saturation was a problem – it requires a longer-term view to observe its cumulative effects. A further reason could be resistance to any argument that the paratransit operating model was flawed and in need of reform, since from the individual or association perspective the model might be seen to function well enough. Another reason could be that it was easier to shift the blame for saturation on competitors in a bid to protect the association's own "right" of operating. In support of this latter motivation, there were concerns that associations were undermining one another, as well as a common view that territoriality was characteristic of the paratransit industry. Nonetheless, TA7 and TA8 members were allowed a maximum fleet size of six vehicles; it could be argued that this could at least in part be an attempt to counteract saturation, though it could also serve to balance power within the association.

### *Relationship with public sector agencies*

There was a common perception that government officials were hostile to paratransit operators. This applied particularly in the case of traffic law enforcement officers, who were seen to be targeting paratransit drivers more than other road users. Moreover, where paratransit operators had access to dedicated infrastructure, in the form of lanes reserved for public transport vehicles, these were perceived not to be properly policed. There were not only problems reported in relation to law enforcement. The general attitude amongst government officials when dealing with paratransit interests was seen to be unfavourable. In the words of R1 from TA5:

You know, the taxi industry is not being taken seriously ... our problems just get bigger and bigger.

Nonetheless, the same respondent was of the view that the agency tasked with awarding paratransit operating licences (at the time known as the Provincial Operating Licensing Board, latterly called the Provincial Regulatory Entity) was performing adequately. This was

not a common view: many other respondents reported problems in the license application and awarding processes. R1 from TA5 continued by stating that the issue was not the number of vehicles on the road, but rather that vehicles were not keeping to their routes and thus infringing on the rights of competitors. The latter comment might point to difficulties in enforcing operating permissions on the roads due to inadequate information on licensed and actual routes travelled. This respondent's comment therefore contradicts previously reported responses that competition amongst paratransit vehicles was not problematic, but corroborates the view that inter-association competition was an issue. Indeed, respondents suggested that law enforcement efforts should focus their efforts on ensuring that operating rights are adhered to, rather than setting roadblocks to inspect vehicles for roadworthiness and licences.

### **Attitudes to government-led reform programmes**

Responses on the MyCiTi project in Cape Town clustered around two broad topics, one of which was the manner in which public authorities were engaging and providing information to operators, and the other being the prospects and impacts of the project on operators. Before turning to such discussion I present responses in relation to the reform programme that preceded MyCiTi, the TRP. As the results indicate, responses to the TRP were of a more specific nature, which reflects this temporal gap.

Though my probing on the subject of reform focussed on the TRP and MyCiTi, respondents were in general distrustful of government intervention. R2 from TA3 observed that the change to democratic governance in 1994 had not altered the public sector's attitude towards paratransit:

Our businesses were not supported by the previous [apartheid] government, and they are not being supported by the present government.

The topic of distrust of government intentions would surface again in relation to both reform programmes.

### **Taxi Recapitalisation Programme**

The TRP elicited strong and mostly negative responses. Disgruntlement centred on three specific issues: the limited range of approved vehicles; the gap between the scrapping allowance and the cost of new vehicles; and difficulties in financing this gap. A statement by R1 from TA5 illustrates a common frustration with the scrapping allowance:



The [scrapping allowance] money, you can't do anything with that money ... We're in [the paratransit business] to make money.

These words also illustrate the impact that the TRP seems to have had on the cash flows of operators. It was mentioned in a number of the interviews that financing the most popular pre-TRP vehicle (a Toyota 16-seater minibus) cost around ZAR4 000 ( $\pm$ USD 330) per month, while the most desirable of the TRP-approved vehicles (a more recent Toyota 14-/15-seater model) cost ZAR10 000 ( $\pm$ USD830) per month. The reduced seating capacity, increased maintenance cost due to its greater technological complexity, and reportedly heavier fuel consumption, reportedly added to the burden on profits that the TRP imposed. Respondents who were drivers (TA7&8c) commented that owners' financial hardship also impacted on their income. Compounding pressure on cash flows were the high interest rates that financial institutions levied on vehicle financing agreements with operators, although all the major banks as well as SA Taxi Finance were reported to extend loans. The latter was established to aid in financing the vehicle replacement gap, with the national government acting as the guarantor. However, SA Taxi Finance was viewed as an undesirable option, with respondents stating that it applied the maximum allowable compound interest rate of 27% per year, and did not hesitate to repossess vehicles when owners fell behind in paying their monthly instalments. R1 from TA5 concluded:

Maybe [the TRP is] a government scheme to root people out, to kill the industry.

In the interview with leaders from TA7 and TA8 (TA7&8a) R6 phrased it in stronger terms:

The plan is to get rid of us.

In a similar vein, R2 and R3 from TA3 saw the government's imposition of the scheme to remove all old vehicles from the roads as a form of "oppression". Respondents frequently commented on, and in some instances referred fondly to, the reliability and ease of maintenance of the ubiquitous pre-TRP Toyota minibus. Besides R1 from TA5 admitting that paratransit vehicles in general did not offer passengers "the best ride quality", in his view there seemed to be little motivation to take up the scrapping offer:

[Owners would] rather stick with their old vehicle.

R6 (TA7&8a) provided a critical insight on the issue: getting to work and keeping their jobs was far more important to passengers than the kind of vehicle in which they were being transported.

### MyCiTi engagement process

While most respondents had heard about the MyCiTi programme, particularly through the paratransit hierarchy, many did not have a clear understanding of what the proposed reforms were and how these would affect them. TA2, TA5 and TA6 respondents gained their insights by participating in publicly funded visits to Bogota in Columbia to study the BRT system there, although one (not noted) from TA1 felt that the trip had little value as they did not hear from Bogota's paratransit operators about their experiences of that city's public transport reform process. The history of public sector "promises" in South Africa around programmes that were intended to benefit paratransit operators that had not translated into visible benefits also seemed to play a role in their scepticism of the MyCiTi system. An example was the TRP's goal of improving operations, but that in doing so operators had to become indebted to financial institutions to fund the bulk of the purchase price of new vehicles.

R1 from TA2 believed that government was using a "divide and rule" approach by only dealing with associations and their members that were directly affected by MyCiTi routes. The latter respondent's association was located in the upcoming, second MyCiTi project phase. R1 from TA5, also part of the second MyCiTi phase, said:

We hear in 2013 that IRT is coming this way; we have nobody come to us.

Uncertainty seemed also to be present in the current project phase, with R1 from TA6, which is part of the Phase 1 corporatisation negotiations, asserting:

We are walking into the unknown.

There were also strong criticisms of the engagement approach, which reportedly used SANTACO and association channels to reach individual operators rather than engaging them directly. Two respondents, from separate associations, had unambiguous views on how the authorities should approach them. R2 from TA2 was adamant:

When you negotiate here [in the Phase 2 area] you talk to me,

while R2 from TA3 stated unequivocally:

I would never allow another person to negotiate on my behalf around my future without me being present.

Respondents evidently wanted to be engaged directly, which called into question the role of the association as a collective mediator. This attitude was understandable, given the

uncertainty around the extent to which the MyCiTi system could affect respondents' businesses. R1 from TA6 enquired directly:

How are we not going to be worse off?

The desire for direct engagement was understandable in view of the uncertainty that respondents expressed, and the lack of input from the authorities, around the extent to which MyCiTi might affect their businesses. There were also suggestions of disempowerment and exclusion. This might signify that the gap between policy-making and implementation processes and the parties these are intended to serve – operators, passengers, the public at large – was too wide. Three comments from TA7&8a respondents illustrate this point:

Government doesn't consult. [R1]

Government treats us as small boys. [R5]

We are very insecure [about what BRT/MyCiTi entails]. [R7]

One respondent (not noted) from TA2 asserted that MyCiTi “should belong to the people” but that his experience was that it was only the government's agenda that was on the table. This could be an indication that policy-making was not well matched to parties the policy was intended to serve, in this case operators. R7 from TA4 succinctly captured the means by which this gap should be overcome:

Give us someone who can come show us how [MyCiTi] works.

### *Prospects of the IPTN programme*

Responses around whether there was a willingness to accept the offer of corporatisation were both positive and negative, with the lack of information around what the MyCiTi proposal entailed playing a role in the latter. R2 from TA1 expressed powerlessness against the reform process:

A [minibus-]taxi cannot compete with those [MyCiTi] buses.

Also, in the TA6 interview R1 voiced his concern that there were not enough employment opportunities and ownership positions for all present paratransit operations to be included in the MyCiTi system. The latter sentiment was echoed in the TA1, TA2 and TA3 interviews. TAs 7 and 8 arranged their own study visit – not to Bogota, but to Nelson Mandela Bay to investigate its IPTN system. Unlike their colleagues who went to Columbia they had the benefit of interacting with affected paratransit operators. The operators in Nelson Mandela

Bay reported that the BRT system in their city was not working for them, which raised concerns amongst TA7 and TA8 members that MyCiTi might impact negatively on them.

Opposition to corporatisation appeared also to be informed largely by the lack of clarity on how MyCiTi would affect respondent's paratransit businesses, and by a perceived lack of employment opportunities and ownership positions that would enable current paratransit operations to be fully absorbed in the new system. Some respondents expressed a willingness to change, but that they did not want to be coerced into doing so. There was furthermore an indication from R1 from TA5 that attitudes to the MyCiTi project were not static:

We [the association] were all for it at one stage, at the beginning stage.

This comment suggested that this attitude changed later on. R1 from TA6 provided some insight into why attitudes might change. Members of his association did not want to be part of the MyCiTi system because “there's too much uncertainty.”

A further obstacle to acceptance of MyCiTi was operators' ability to interpret the formal sector business vocabulary and practices in which MyCiTi was being presented to them. As R1 from TA6 pointed out, operators might not be properly equipped to participate effectively in the MyCiTi engagement process due to limited business literacy levels:

We never used to be in the corporate world [which MyCiTi was heralding] ... we do not have the educational background.

As a commentary on the expectation that the MyCiTi programme would in a short space of time address all current problematic aspects of the paratransit sector, R1 from TA2 commented:

It's going to take another 30 years for them [paratransit owners] to see the bigger picture [of corporatisation].

He suggested that paratransit operators and the industry as a whole lacked “intellect” and that it was “in-fighting” amongst operators – i.e. territorial disputes and factional politics – that was preventing the sector from driving restructuring and reform from within.

## **Perceptions of individual and collective business needs**

A surprising finding across the majority of interviews was the significant degree to which respondents associated with a collective “minibus-taxi” identity. This appeared to have been informed by the number of years the respondents, or their older relatives from who they had

inherited the businesses, had spent in the paratransit sector, and illustrated by this comment by R1 from TA2:

We are proud of [the paratransit industry]; it's a legacy to our children.

In cases where businesses had not been inherited, respondents had often worked their way up from being a minibus mechanic or driver to being the owner of one or a fleet of minibuses. R8 from TA4 had left the formal sector and used a severance pay-out to purchase a minibus. This respondent seemed to prefer the self-determination of running and owning a paratransit business as opposed to working in a corporate structure, stating:

I can't go back to any other job.

Many respondents had entered the industry in the 1980s in the years when the apartheid regime in South Africa embarked on its final concerted attempts to enforce segregation, and associated their involvement in the paratransit industry with the drive to overcome state-imposed restrictions on freedom of movement. The connection between paratransit operator and paratransit industry thus not only appeared to relate to supporting the livelihoods of operators, but also to political expression.

There was some variance in the degree to which respondents reported being involved in their business finances and had insight into the profitability and viability of their operations. In TA7 and TA8 respondents reported playing an active role in managing their businesses, and kept financial records to calculate their monthly profit and to record driver payments. Moreover, at the route association level (interview TA7&8b) respondents focussed solely on paratransit operations. In R1's words:

You cannot worship two masters; who'll be looking after your business at the [paratransit] rank if you're elsewhere?

In the interviews with respondents from TA1 and TA4 they reported that they did not keep records of their income and expenditure. The only amount that these respondents knew with certainty was the monthly instalment amount that they had to repay on loans for their recapitalised minibuses, which was ZAR10 000 (or USD830). TA4's respondents highlighted one of the problems with not keeping more detailed records. They suspected that their drivers under-reported farebox income and kept the difference between the reported and the actual amounts, but since these were all unreceipted cash transactions – as is typical of paratransit operations – it was difficult for these owners to establish the scale of unreported income. R1

from TA6, operating in one of the established and wealthier parts of Cape Town, did however confirm that there was profit to be made in certain areas of the city:

This routes of ours is a goldmine.

The same respondent nonetheless confirmed that operators often existed at a subsistence level and did not necessarily benefit from said ‘goldmine’:

Most of our people run from hand to mouth.

Beyond the day-to-day aspects of running their businesses, many respondents viewed their connection with the paratransit sector, as well as its contribution to the public transport system, in a positive light. There were also indications that the industry did not fully capitalise on its present human resources and opportunities to expand. The following statements illustrate these points:

We can proudly say that we are living from this [paratransit] business. [R1 from TA2]

[Minibus-]taxis are our tool. [R1 from TA5]

We don’t realise what we have in our hands. [R1 from TA4]

Some respondents suggested that the paratransit industry was well aligned to benefit from government’s policies to empower small businesses and to diminish the polarisation of business ownership under the segregationist policies of the past. Three comments illustrate the point:

The taxi industry is the only industry that is completely owned by black people. [R2 from TA3]

This business of the taxi is for the coloured and the blacks. [TA1, respondent not noted]

Black people do not own mines, do not own malls, do not own farms; black people own shebeens [*township* bars] and we own taxis. [R1 from TA3]

Respondents nevertheless expressed their concern that the government did not seem to recognise and act on this alignment. There was also a sense that it was not only government that was holding back the industry’s growth, but also that the industry was its own enemy. In the words of R1 from TA6,

We create our own problems ... It always goes back to the culture [of focussing on short-term gain] ... We’re really not getting anywhere [as an industry and as an association].

One of these “problems” that emerged in a number of interviews was that the paratransit sector employed mafia-like practices in terms of territorial battles, drug trading and money

laundering. R1 from TA6 stated bluntly that “the taxi industry is a mafia” and that a number of people from the sector had lost their lives “because of asking about money”. In many of the interviews when the subject of finances and profit was broached, respondents became uncomfortable and did not want to respond. In order to counter infiltration by such mafia-type “elements”, TA5 did not allow known drug dealers to become members. This was the only instance during any of the interviews that such a countermeasure was mentioned.

### **Aspirations and alternative reform strategies**

I prompted respondents to reflect on ways in which they thought their own businesses and the paratransit sector in general could be more successful. My intention was to gain insight into what ownership, regulatory or infrastructural mechanisms operators might consider in order to improve their businesses in future, and in so doing reveal aspirations that could be incorporated in government-led policies of reform. Unexpectedly, the exchanges that ensued revealed a number of mechanisms that respondents’ associations had already tested. This suggested that there were positive prospects for broader reform.

#### ***Operators’ aspirations***

Prompting respondents to consider what circumstances or mechanisms might best address their current business needs did not yield insight far beyond day-to-day considerations such as more efficient types of vehicles, driver training (supported by driver respondents in the TA7&8c group) or a general desire for increased financial support from government<sup>15</sup>. In relation to the latter, R5 (in interview TA7&8b) specifically suggested that the TRP scrapping allowance should be raised to 50% of the purchase price of a new vehicle as existing tight profit margins compromised affordability. As with exchanges around the MyCiTi project, respondents did not appear to be comfortable with, or be able to assess the benefits and drawbacks of, hypothetical propositions within the context of the interview. However, a number of respondents were at least aware of the need to promote better management practices, which would necessarily involve acquiring or drawing in skills to plan for, and project, future scenarios. R1 from TA6 captured it succinctly:

We need expertise in the industry, we need skills, we need outsiders [professional advisors].

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<sup>15</sup> This correlates to some extent with Jakoet’s (2001) study findings (discussed in Chapter 1). She found that paratransit operators did not respond to a question asking what problems they foresaw in moving to a different regulatory regime.

Probing around whether respondents aspired to exit the paratransit and/or public transport sector did not reveal strong desires to do so. However, in the case of TA2, R1 indicated:

If the government comes to us with a reasonable offer [to buy out the business to make way for MyCiTi services] we will accept it; we want to retire.

If the lack of consistent financial record-keeping and long-term business planning skills proves to be ubiquitous it will be difficult for any agency to establish what that “reasonable offer” would be in the eyes of a paratransit business owner.

### *Internal reforms as potential alternatives*

All but one of the interviewed associations had within their own association attempted or succeeded with schemes to strengthen their members’ businesses. TA4 in particular had explored a number of options. These included an attempt to manage the entire association’s fleet of vehicles collectively for better efficiency, although the scheme failed because, in the words of R7 from this association:

We [the association’s members] don’t trust one another.

The association achieved greater success with a pension scheme for its members, as well as a prepaid paper-based fare voucher system for trips in the local area. The association entered into agreements with local shops to sell these vouchers to passengers and handle the cash on their behalf. Passengers would redeem the vouchers on minibuses instead of paying cash. The driver could collect payment only once he hands the vouchers to the vehicle owner at the end of the day. In the words of respondents the intention with this system was to enable owners to manage their business finances better as the vouchers offered a paper trail, and to reduce the incidence of drivers under-reporting farebox revenue. Both the pension scheme and the voucher system were still running at the time of the interview, in addition to which respondents in this association were selling advertising space on and in their vehicles to supplement their income.

Strategies employed in other interviewed associations to bolster their businesses included keeping fares low to attract more passengers (though this could well be counter-productive if not managed carefully) and using minibuses for long distance trips and shuttle services during off-peak hours and over weekends. Of particular note was that two associations had attempted to enter into the formal transport service environment, one successfully (TA5) and the other (TA2) not so. The former arrangement entailed a contract arrangement with the University of



Cape Town to provide peak-hour transport services for students, while the latter took the form of a proposal to the local government to start a scheduled bus service between the association's home base and Cape Town's city centre. The proposal was rejected, but the reason for rejection was unclear. Similar to the latter, though not at the level of a proposal, R2 from TA8 questioned why paratransit operators were not being allowed to purchase large buses individually and operate them within the MyCiTi system, rather than having to be bought out and consolidate their operations under the MyCiTi VOCs.

## **5.2 OBSERVATIONS**

At a few points during the interviews respondents mentioned that collapses in trust amongst operators, or between operators and public sector agencies, stood in the way of different or new modes of conducting business. This was particularly relevant to the internal attempts at reforming paratransit operations, for instance by moving to the early stages of a stepped transition (e.g. TA4's paper-based fare vouchers and collective fleet management) or more incisive shift to formal transport operations (as achieved by TA5 and attempted in TA2). However, this discussion of trust focuses on the immediately evident verbal dimension that interviewing can access. Through my initial reading of Fontana & Frey (2000), Gillham (2000) and O'Leary (2005) I was aware that the interview technique could also capture non-verbal information.

It was, however, only in conducting the interviews that I formed a more complete understanding of the verbal/non-verbal distinction. In conducting interviews I was not a dispassionate participant, or as Fontana & Frey put it, an "invisible researcher" (2000:661). By being present in the interview setting my presence and that of an intermediary, and even the setting itself, would have had an influence on respondents. Though I had to take verbal responses at face value, what interviewees revealed through non-verbal means illuminated both their verbal responses and the relations of power amongst respondents and between them and me. Such instances included who spoke most often, who was present in the interview, interaction between respondents, physical attitudes, and choice of language. In capturing my own observations during and after each interview and holding discussions with the intermediaries I had documented such non-verbal responses. These observations revealed my unmet or realised expectations, suggested ways in which respondents perceived me and my intentions, and informed my process of making sense of verbal responses.

In this part of the chapter I discuss my observations of both subject and researcher, no longer invisible or faceless, according to two themes that impact on the manner in which operators are engaged if the reform programmes are to be revised. This responds to the third research question. The first theme is that of trust, which was already identified as a key issue in studying paratransit operators as a research population (Chapter 1), in government efforts to secure operators participation in reform (Chapter 3), and through the responses reported earlier in this chapter. The second theme is that of the paratransit industry's structure, which I could only clearly describe after conducting the interviews and with subsequent discussions with the interview intermediaries.

## **Trust**

For the interviews to take place I had first to overcome the hurdle of establishing contact with operators. This was one of the key frustrations in the early stages of my research: that I was not able to simply contact the intended research sample and proceed with collecting data. It was, however, not only the intermediary that was critical in providing access; the associations themselves played a role, as did the transition facilitator who brought me in touch with the intermediary. Thus, if access were likened to a chain, there were three intermediate links between respondents and me: from me via the facilitator (Mr McLachlan) to the intermediary (Mr Botha), and from there via the association to the respondents. In the latter three interviews the chain was built from the side of the association, which led to the intermediary (Ms Coka) contacting me. In place of the facilitator in this latter chain was the Centre for Transport Studies, which in the facilitator's view (as stated by her) was a trusted and neutral entity due to its association with the University of Cape Town.

Regardless of which way the chain developed, in each of the links there was an element of trust. Without such trust it was unlikely that I, as outsider, would have gained access to the inside world of operators. Ultimately the number of respondents I could draw from the population of paratransit operators depended on the number of links that the intermediaries had with associations, and subsequently to the number of individual members to which the associations granted, or provided, access. Another key factor limiting the number of respondents was time. It took a long time to identify an intermediary with the requisite links to associations. Actually establishing a connection with the two intermediaries ultimately happened coincidentally. In the first instance it was due to my presence in a meeting with the CETUD delegation from Dakar at which I met the transition facilitator, and in the second

instance it was because the intermediary sought out the academic unit within which I was active. Once I reached the critical milestone of having contact with intermediaries, my progress in conducting interviews was again limited by the intermediary's and the respondents' available time.

The importance of an intermediary's skills, and the scarcity of individuals with such skills, should not be underestimated. Not only were the intermediary's links to actors in the paratransit industry important, but also the intermediary's role in building trust within the interview space. Accompanying me to and within the interview setting, and introducing me and my research, were part of a door-opener role. The intermediary not only had to be fluent in the respondents' languages, he also had to be familiar with respondents' and my vocabularies. On the part of respondents this centred on sector-specific terminology and colloquialisms, e.g. the various names for vehicles, such as "arkie" and "ncula-ncula" being the respective Afrikaans and isiXhosa names for a specific model of Toyota minibus from the early 1980s. In relation to my requirements this amounted to a relatively detailed understanding of the topics that I wanted to explore. These topics included the TRP, PTS, MyCiTi's phasing, and the competition regulation and legislative context. In Chapter 4 I mentioned that Ms Coka was not well versed in these topics, and that we arranged sessions for me to brief her.

However, I found that both intermediaries required some coaching on how to approach their introduction of the reform programmes to respondents, especially the MyCiTi project, so as not bring respondents under the erroneous impression that I had a direct channel to influence MyCiTi's implementation or that my wanting to interview them was a precursor to MyCiTi coming to their part of the city. Such guidance from me was mostly necessary in early interviews; the intermediaries were quickly able to adjust their approaches to be more neutral. It seemed in hindsight that the intermediaries' wanting to make claims around the reform programmes was a good-natured attempt at getting respondents interested in the interview subject and to be at ease in the interview setting. Intermediaries' combination of subject knowledge (though uneven amongst the two individuals) and language skills allowed them to be interpreters, and not only translators. In the 'debrief' sessions that we had after interviews, this allowed me to clarify responses and non-verbal cues that I suspected I might have misunderstood and – significantly, in view of the absence of audio recordings – added to my recall capacity.

There were different degrees to which I believe respondents did or could open up during interviews. There would likely have been a large number of factors involved, of which I mention salient ones here. The group setting in the majority of interviews meant that there was a measure of peer-pressure to reveal or not to reveal particular details. One prominent instance is the number of vehicles that respondents owned. In some interviews once one respondent had stated the size of his or her vehicle fleet, other respondents followed suit. In other interviews if my question on fleet size was greeted with silence I had to move to another line of enquiry to elicit respondents' participation. Some respondent groups' also chose to speak in their mother tongue, even though some in the group demonstrated that they could speak English. This enabled everyone in the group to follow what the speaker was saying, at the same time forcing the speaker only to say what would have been acceptable to the group. In addition, in some of these groups the presence of one or more respondents occupying higher positions within the associations' hierarchy impacted on the degree of openness. It was evident that the higher-ranking respondent – often corresponding to apparent age – would respond first on a new topic that I introduced, which would then set the tone of subsequent respondents contributions. In the two interviews with only one respondent present the dynamics were different, though in one of those I still observed a measure of censorship. This respondent did not even want me to take handwritten notes of some of his responses (which I duly complied with).

There was only one interview where my being independent of government or commercial interests did not appear to play a role in facilitating respondents' openness. At the end of the interview with TA1 the respondents wanted to know about the ways in which my research results would reach policy- and decision-makers in government. They had previously been approached by researchers investigating their businesses and had not seen any positive impact from those studies. I spent some time addressing this concern by explaining how academic research results are typically disseminated. The respondents did not seem convinced that such dissemination (as opposed to direct advocacy, for instance) could benefit them, but I nonetheless did not detect reticence on their part to participate in the interview. My experience with TA2 was very different. After providing the introductory overview of my research there was not a lengthy discussion about my motivations or how my data would be used; indeed, I was taken aback by the lack of suspicion of my research aims and the respondents' keenness to express their views and share information. I had a similar experience with the respondents from TA4. In relation to the TA3 interview it took some effort on my

part to convince respondents that I did not represent government or their paratransit competitors, and that my intention was not to portray paratransit in a negative light. Once my independent credentials had been established the interview was productive, even though the respondents still seemed somewhat guarded, particularly in relation to the details of their own businesses, though this was by no means unique to this interview.

Though the choice of setting for each interview was largely out of my hands in practice, it seems that interviewing in the familiar context of an association's base of operations made a positive impact on my reception and respondents' openness. In the case of TA5 the respondent made specific mention of his being gratified that I had come to "ground level". In the aforementioned TA2 and TA4 interviews, which also took place at their offices rather than in unfamiliar surroundings, I also found an immediately receptive atmosphere to the interview. It may well be worth exploring the potential of my original intention to conduct interviews only at associations' offices to increase willingness to engage with the topics that I explored. Allied to such considerations, and equally opaque, are the reasons behind the other associations choosing venues outside of their typical day-to-day environments.

### **Paratransit industry structure**

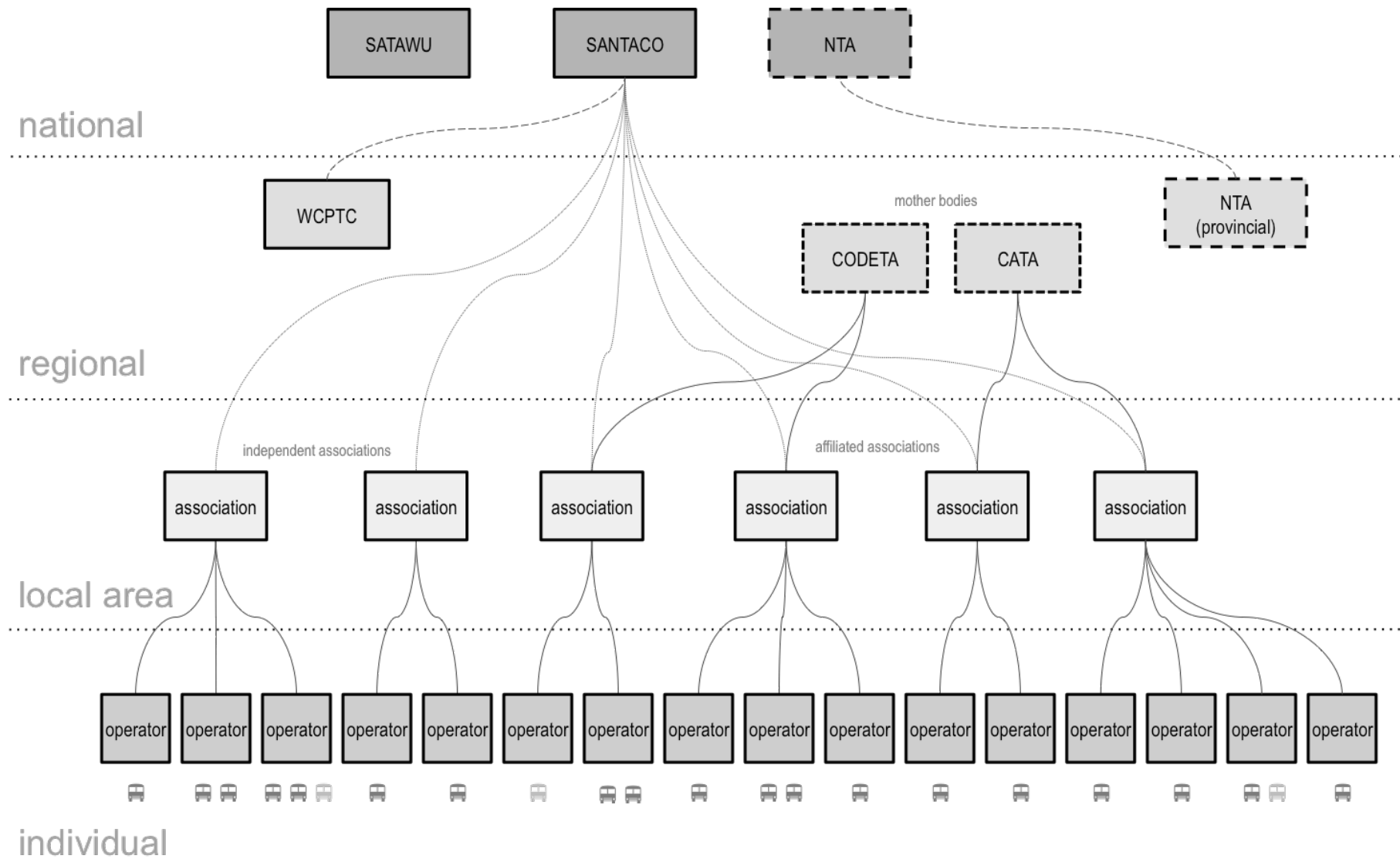
Whereas my previous observations captured some of the nature of interaction between respondents, the intermediaries and me, the other major theme in my observations on the interviews was how respondents' verbal and non-verbal responses highlighted the actors and power relations in the paratransit industry. Chapter 3 demonstrated that paratransit interests in the reform process were vested not only in local operators and associations (i.e. my research population), but also in broader paratransit entities. These included SANTACO and its WCPTC branch as officially recognised policy representatives, as well as the NTA splinter group. Chapter 3 also illustrated that as MyCiTi's implementation progressed these broader organisations appeared to be less and less involved in the shaping of the reform process in Cape Town. However, my thesis is concerned with the overarching reform process, which includes both the PTS and TRP programmes. Though the case that I defined was the public transport reform process in Cape Town, the context of the case included the national aspect of policy formulation and the role that national players played in the process. The *main actors* thus included not only the local operators and the associations to which they belonged, but also these wider representative structures. Particularly from the point of view of relationships between actors, these dualities – the two programmes, their national/local implementation

processes, and the national/local paratransit actors that were involved – were part of the context of the research.

The case procedure investigating the reform programmes' implementation in Cape Town in Chapter 3 provided some pointers to local and broader actors in the paratransit industry, and what their relationships were, but it did not capture what the “industry” looked like in Cape Town. Completing the picture of who the paratransit actors were in this city was an important step in defining the research population that I was investigating, and latterly in contextualising responses garnered in the actual interviews. Previous diagrammatic representations (see, for instance, Grey [2006]) were notional, focussed on formal structures and the degree to which the two overlapped was not immediately evident. The NTA was absent, yet it seemed as if mother bodies or “supra associations” (CATA, the Cape Amalgamated Taxi Association, and CODETA, the Congress of Democratic Taxi Associations) were key structures that filled the role of local or regional councils.

I sought a more detailed schematic of the actors of the paratransit industry in practice. Through the interviews that I conducted I had sources whose existence was within, or closely related to, such practice. In the interviews respondents had identified many of these actors, and through their responses characterised some of the relationships between actors. In the course of preparing for the interviews, and in our joint reflections afterwards, I asked the two intermediaries to fill in some of the missing details. The result of these efforts was the schematic in Figure 5-1. It illustrates the relative positions of actors across different levels in the paratransit hierarchy, be it national, provincial/regional, local area or individual. The connecting lines in the figure demonstrate where there was evidence of an existing, functioning relationship between actors in practice (as opposed to a nominal relationship).

At the national level sat SANTACO, paralleled by the unofficial National Taxi Alliance (NTA). Barrett (2003) noted a minority of drivers' belonging to the South African Transport and Allied Workers' Union (SATAWU), affiliated to the umbrella Congress of South African Trade Unions (COSATU), though the union did not appear to be an active actor in reform negotiations. Representing the two national councils at regional level were the Western Cape Provincial Taxi Council (WCPTC) and the provincial NTA, respectively. The NTA did not seem to be an active role-player after the World Cup in 2010, nor did the sources identify the WCPTC as being an influential actor in Cape Town's public transport reform arena.



**Figure 5-1: Paratransit industry structure**

The majority of respondents' associations were not part of MyCiTi Phase 1 (and the pilot second phase) engagement processes. These respondents often referred to the MyCiTi system by its "IRT" name, which supports some respondents' views that they were not properly in the loop with the project's development or that the information they had access to was outdated. This would support the view that SANTACO was not effective as the official go-between between government and local paratransit concerns in relation to the IPTN programme. It might also, more tenuously, suggest that the information that operators had received about the MyCiTi project dated back to before the introduction of the MyCiTi name in 2010.

In relation to the next level, that of local areas, the City of Cape Town's most recent *Integrated transport plan* (CoCT, 2013d) indicated that there were 102 paratransit associations in the city, two less than the 104 associations that I identified in the earlier *Operating license strategy* (CoCT, 2007a). These associations were either represented by what appeared to be a defunct WCPTC, directly by SANTACO (referred to as "independent associations"), or were nominally represented by SANTACO but in practice affiliated to the mother bodies (CATA and CODETA).

The mother bodies were altogether separate to the official hierarchy of provincial bodies and national entities. Though not depicted in Figure 5-1, their presence spans beyond Cape Town and reportedly even into adjacent provinces. The mother bodies are active both at regional level and locally through their member "affiliated associations". These associations operated specific routes, all of which originate at the mother bodies' respective bases of operations. The respondents in interview TA7&8b were the route managers in charge of these various routes.

At the individual level were the operators – the owners and license holders of paratransit services. The *Integrated transport plan* provided 2012 figures for active and pending operating licences, numbering 7 258 and 357, respectively. The fleet size that these licenses were linked to was estimated at 7 600, as each license was unique to a particular vehicle. The number of employment positions related to these operations was one driver per vehicle, i.e.  $\pm 7\ 600$  drivers, and more than 5 000 support staff across the entire fleet, including conductors, rank marshals and administrative and service staff (e.g. vehicle washers). In practice there are numerous unlicensed vehicles, although the quantum of such operations is not known. This unknown number includes sedan vehicle paratransit operators referred to as "amaphela", isiXhosa for cockroaches – descriptive of the way that such operators scamper around local neighbourhood roads looking for passengers without wanting to be detected. The affiliation of



the latter to any larger bodies was unclear, and they were moreover perceived as a threat to established minibus-based paratransit operations.

When viewed together with the MyCiTi operator transition process (see Chapter 3) the interview results suggest that the locus of power in the paratransit industry in Cape Town was concentrated predominantly in three places: a number of powerful individual operators who direct what happens in the associations that they lead; associations headed by groups of established and prosperous operators; and by the mother bodies. There was a “power bloc” in these associations formed by the association’s chairman and board, or “executive”, made up of influential member operators or those with the largest fleet. This power bloc seemed to draw on an older generation of owners who became operators in the apartheid years (a number of whom expressed their desire to exit or retire from the industry, or build as large as possible a paratransit empire to be handed down to their progeny). These power blocs were threatened by hostile “young ones” with no understanding of the struggle that older operators had to make a success of their paratransit operations, or gradually being displaced by a savvy younger generation, or in the words of R1 from TA6, the “new guys with better education”. Members of this old guard seemed trapped in the paradigm of paratransit operations, finding it difficult to come up with alternatives to the current reforms. However, operators should not be judged on their lack of a formal business vocabulary; many respondents demonstrated the same business acumen as found in other (and more formal) sectors of the economy.

### **5.3 SUMMARY AND CONCLUSION: INTERVIEW FINDINGS**

In the first part of this chapter I discussed the attitudes, aspirations and needs that respondents voiced during the interviews. Responses suggested that the national paratransit representative structure that government helped to set up was not effective in representing respondents. There was, however, a need for such a structure to mediate in conflicts between competing operator associations needs, to disseminate information to operators around reforms, and to promote paratransit sector’s voice at national government level. The latter was important as the relationship with government agencies was not reported to be constructive. Respondents were proud of their businesses and wanted to improve the viability of their services, but it was suggested that public authorities were either not offering support or that such support (by way of the reform programmes) was insufficient to operators’ needs. Though there were respondents who saw some benefit particularly in the MyCiTi project, they were distrustful of government’s motivations and were concerned about not having been consulted in the

formulation of the BRT-led approach to reform. This was a significant obstacle to respondents' participation in reform, yet that some respondents had been involved in associations- or individually-led attempts to better organise their operations and bolster their finances indicated that there was latitude for reform.

The second part of the chapter presented observations that I made during and after conducting the interviews. These observations focussed on the issues of trust and on the hierarchical structure of the paratransit industry. Trust was a crucial issue both in conducting the interviews and in the engagement process that the municipality had followed in implementing the first phase of the MyCiTi system. Both these processes hinged on the involvement of skilled intermediaries to provide communication channels with operators and to serve as interpreters during engagement. Trust amongst respondents, and between them and other levels of the paratransit hierarchy, was also an issue relevant to reform. In order to better disseminate a revised reform agenda, and to increase paratransit's participation, it would be important to engage at the level of the hierarchy where the power to drive change was vested. Reform implementation in Cape Town had highlighted that there were competing interests within the paratransit organisational hierarchy, but that the associations were central to the engagement process. My engagement with respondents and intermediaries allowed me to trace the relationships between the different structures in the hierarchy in detail, which supported the view that the leaderships of the local associations and, where applicable, regional associations (the "mother bodies"), were key to driving change.

This chapter has provided insight into the locus of power in the paratransit industry, the concerns, expectations and desires of a selection of operators, and challenges of engaging this group of respondents. When viewed against the aims and implementation of the reform programmes (discussed in Chapter 3) the needs and aspirations of operators coincide with the reform approach only to a limited extent. Until the correct incentives are identified and negotiated, paratransit participation in reform is likely to remain limited. Some respondents pointed to their own attempts at reforming their businesses, and policy would do well to heed, and government to support, these attempts, particularly where they have been to consolidate ownership or vehicle fleets. In Chapter 6 I will reflect on these attempts as well as on the potential alternative approaches to reform discussed in Chapter 2 to draw propositions around the prospects of the current reform approach in Cape Town, and around how such an approach may be adjusted to serve both the interests of paratransit operators and of public transport improvement.

## 6 PROSPECTS FOR PARATRANSIT OPERATOR PARTICIPATION IN REFORM IN CAPE TOWN

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The previous chapters of this thesis presented alternative approaches to public transport reform in relation to paratransit operations, the approach to reforming public transport as it unfolded in Cape Town in recent years and impacted on paratransit, and paratransit operators' responses to reform. The interviews that I conducted with a selection of paratransit operators in Cape Town also captured a variety of their business needs and aspirations. In this chapter I reflect cumulatively on all of these research outcomes to generate propositions around the approach to reform. These propositions centre on the impacts and prospects of the current approach to reform, and motivate for revisions to this approach that might increase the opportunity for paratransit operators to participate and thus strengthen reform's contribution to urban transport improvement in this city.

The research questions were key to drawing the propositions presented in this chapter. The research questions focussed on three inter-linked issues. These were: government's approach to and role in reform, the needs and aspirations of paratransit operators in relation to reform, and the opportunities to adjust the reform approach to facilitate a greater overlap between the reform process and the needs and aspirations of operators. In drawing the propositions I reflected on the key themes and issues that operators raised during interviews and how these corresponded with the aims, process and outcomes of the government reform process reform. I also reflected on potential alternative reform approaches. Where operators' needs and aspirations might continue to lead to their limited participation in reform, I proposed that aspects of the existing reform approach be reviewed or that alternative approaches be considered. Where there were opportunities for greater participation, I proposed that the aspects of the existing reform approach that provided such opportunities be strengthened to facilitate such participation.

The propositions synthesise the responses to all three research questions, thus enabling a better understanding of paratransit participation in reform in Cape Town and serving as a starting point for a revised approach to reform in Cape Town and in the national programmes that impact on reform in this city. This is the *theory generation* that Punch (2005) referred to (see Chapter 1). The propositions also enable *generalisation* (as per Yin, 1994) by informing further research on similar cases, as discussed in Chapter 7.

## 6.1 PUBLIC SECTOR ROLE IN REFORM

Four propositions are discussed in this section focussing of the public sector's role in reform. The first is that PTS programme implementation has been led by infrastructure construction and not by operator transformation. The second is that the reform approach demonstrated significant institutional capacity limitations, while the related third proposition is that reform programme formulation and implementation are subject to political imperatives. A last proposition is that there is scope to explore mechanisms of reform other than new BRT systems.

### **The Public Transport Strategy is a top-down, infrastructure-led approach to reform**

The remarks of paratransit operators and their representative structures reported in the popular press during and shortly after the launch of the PTS programme and the MyCiTi project suggest that they were not involved in drawing up or providing input to the PTS or the City of Cape Town's 2007 implementation framework (CoCT, 2007b). It might be possible to cast doubt on these remarks, but only to a limited degree. In its introduction the PTS states that a draft was "circulated among a wide range of stakeholders" followed by a two-day discussion session (DoT, 2007a:3), though who the involved stakeholders were is not specified. These may have involved paratransit representative bodies. However, the PTS's Action Plan (DoT, 2007b) only lays claim to consultation with "with 6 metropolitan cities<sup>16</sup> and 6 secondary cities as well as the SA Rail Commuter Corporation (SARCC) [now Prasa]" in preparing for first phase IPTNs (DoT, 2007b:4). Cape Town's 2007 implementation framework for its IPTN was the product of four consultants' efforts, with input from municipal officials and politicians (CoCT 2007b:i). During the interviews that I conducted with operators I could not unearth evidence to contradict the accusation of failure to consult paratransit interests particularly at IPTN level in Cape Town.

It would be difficult to claim the same lack of consultation for the TRP as it was closely linked to the efforts of the NTTT in the mid-1990s. The NTTT directly engaged a large number of interested and affected parties and individuals, especially amongst the paratransit corps, across the country. However, it would be hard to argue that the TRP lies at the centre of the current debate and interest, as public sector efforts and general discourse focus far more on the PTS.

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<sup>16</sup> The term "cities" is used as a synonym for "municipalities" in the context of the quoted text. These terms and the term "local government" are used interchangeably here and elsewhere in the cited document.

The government's key considerations in terms of public transport reform appear to have become how and where BRT infrastructure could and can be built in South African cities. A less evident secondary focus, primarily with local implications, has been on thinking around how such BRT systems will replace or incorporate paratransit operations. The PTS ostensibly focussed on integrating public transport modes; hence the 'IPTN' nomenclature. In practice, though, there has been such a focus on installing upgraded bus systems in cities that the chair of the PTS/IPTN session of the 2014 Southern Africa Transport Conference declared at the opening of the session that IPTNs *are* BRT systems. At the same session, as well as in 2011 and 2012, there were at least questions emerging around the high cost of BRT implementation and paratransit business buy-outs, and there should be more investigation of alternatives to the existing approach.

It would ultimately be difficult to argue that the PTS and Cape Town's IPTN have not followed a top-down, infrastructure-led approach to reform. The discussion of IPTN implementation in Cape Town in Chapter 3 demonstrated that route planning and construction preceded the substance of the operator engagement process by some margin. The national debate has centred on modal technology – BRT – and not on a bottom-up view that aims to meet operators' needs and capture their aspirations. The contents of the PTS (DoT, 2007a), its action plan (DoT, 2007b), Cape Town's implementation framework (CoCT, 2007b), and the monthly MyCiTi project reports released between 2009 and 2013 support this. Their contents are biased heavily towards infrastructural and operational concerns; where paratransit is discussed it is in relation to how such operations could be included in the IPTN and not on the basis of paratransit being partners in public transport reform.

### **The current reform approach disregards institutional capacity limitations**

Though it is the case in hindsight that expectations of what could be achieved with the PTS and MyCiTi system now appear unrealistic, it is not to say that the ailments of present public transport systems in Cape Town and around the country cannot, or should not, be addressed. Elements of such a transformation include its physical extent, cost, timeframes, and operator transition process. Such a transformation was indeed the point with the BRT-led reform programme as initially envisaged: a partnership between government and public transport operators and employees to improve the service to current and prospective passengers (DoT, 2007a). This motivation cannot be faulted. The PTS programme has brought public transport, and particularly its upgrading, to the fore in the public eye. Nonetheless, as the National

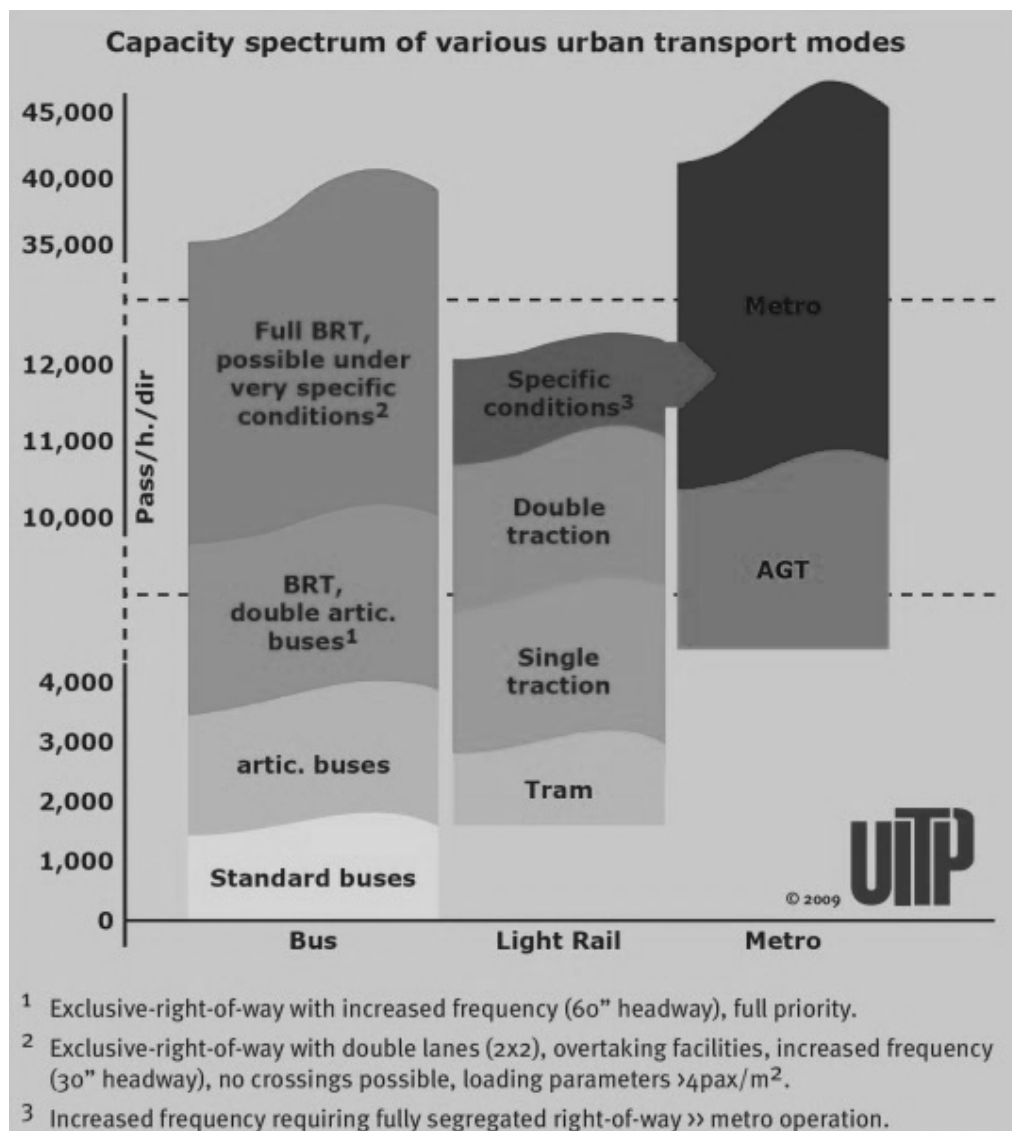
Household Travel Survey and similar investigations show, the daily reality of public transport users is far from optimal, and there is a multitude of reasons to attend to, and scope for improvement of, the public transport service offering to both current and potential passengers.

In terms of South Africa's post-apartheid socioeconomic development needs, increased investment in public transport infrastructure stimulates the economy through formal employment opportunities created during and after construction, while at the same time offering improved travel options and access to employment. The investment also assists in overcoming physical distances imposed by apartheid city development. This is an item of the reform agenda that can roundly justify the infrastructural subsidy that the Public Transport Infrastructure and Systems Grant (PTISG) provides, and in particular cases also warrants the operational subsidies flowing from the Public Transport Network Operating Grant (PTNOG). Residents of settlements that resulted from the implementation of the Group Areas Act (No. 41 of 1950), such as Atlantis north of Cape Town, should not rightly be uprooted again, nor should they be expected to bear the full cost of travelling to the economic hubs of Cape Town. It would be difficult to argue against public intervention in such instances, and aligning the first MyCiTi phase along the West Coast all the way to Atlantis has a strong restitution dimension.

While increased levels of state expenditure on public transport systems resonates with the principle of social redress in the South African context, selecting a modal technology as a reform mechanism without understanding passenger demand is not justifiable, whether in financial terms or in order to achieve social aims. Neither the PTS (DoT, 2007a) nor the City's implementation framework (CoCT, 2007b) use existing local passenger demand along the corridors on which BRT systems were proposed to justify the selection of BRT as the mode of choice for the reform process. These documents also do not mention the possibility for upgrading existing modes as the main thrust of upgrading public transport. BRT was untested locally, and thus was an unknown entity upon which to build a reform strategy.

Passenger demand and system capacity are measurable and highly context-specific, and thus a sound basis upon which to root an ambitious and costly programme such as the PTS. Planners have resources to assist in such decision-making. Vuchic (2007), for example, provides comprehensive guidance on the theoretical and practical capacities of major public transport modes. The International Association for Public Transport (UITP) also provides support for decision-makers by listing the capacity spectrum of a variety of urban transport modes (see Dauby *et al*, 2009, and an excerpt thereof in Figure 6-1). A number of public and private

agencies in South Africa are members of the UITP and thus have access to such information. Even the BRT planning guide (Wright & Hook, 2007), which was widely circulated in hard copy in South Africa by the DoT after the launch of the PTS, provides guidance on the suitability of different modes to meet different passenger demand levels. It is notable that these guides differ in their positioning of different modes to meet demand, signalling that this is contested terrain. This motivates even further for context-specific investigations that would determine a particular operating technology's suitability to meeting particular urban conditions.



**Figure 6-1: Public transport modes and passenger capacities**

Source: Dauby *et al*, 2009

Rather than suggesting that the chain of decisions that led to the South American BRT model being imported as an approach to reform was unsound and reckless, an analysis of the reasons leading to BRT being implemented would be better served if it were viewed within the framework of government processes and institutions in the broader arena of urban development and transport planning in South Africa. This is a complex discussion, sufficiently so that Wood (2014a; 2014b) elaborated it into a PhD thesis. In a publication summarising her findings she asserts that:

... policy circulation is never a rational survey of best practices but a political process through which policymakers select their sites of learning in accordance with wider aspirations, ideologies and positioning. (2014a)

Many governance structures in South Africa are still in flux, reflecting the as yet unsettled post-apartheid state. The infrastructure-led mindset so predominant in the 20<sup>th</sup> century has not had time to be adequately challenged or overturned by an informed and mature political and civil service establishment. In other words, a major challenge facing urban reform is institutional capacity at multiple levels that is not ready for taking on the task of comprehensively reshaping the urban and transport landscape in all its complexity. A pragmatic point from which to start adjusting the present reform process would therefore be to mould it around existing and nearer term institutional realities and limitations.

### **Reform is not a clinical process divorced from public political imperatives**

There is as yet little indication of what approach to reform future MyCiTi phases would take in terms of operations and operator reorganisation. However, a broader component of the reform process that has to date seen little attention, but which is critical to the longer term growth of public transport services and systemic modal integration, is the devolution of metropolitan transport infrastructure and operational decision-making functions to the municipal sphere of government. There are tentative indications of such a move in Cape Town, which in October 2012 launched its municipal transport authority, Transport for Cape Town (TCT). The municipality has since commenced with the legal steps to consolidate a multitude of urban transport functions both within and outside its remit under this umbrella, but institutional change processes are complex and slow. There is, however, little reason to believe that the complex process of the devolution of the many authorities and functions that would make TCT an effective tool in the governance of public transport in Cape Town would be completed in the near term. Yet the timing of the launch of TCT may have as much to do with political



imperatives as it does with public transport reform. Inter-party political tensions have become quite pronounced since the Democratic Alliance (DA) party assumed the leadership of the Cape Town municipality in 2011 and of the Western Cape province in 2009 – a *de facto* “bastion” against the ruling party’s hegemony elsewhere in the country. There may be some pressure on the DA to continue to demonstrate to its electorate and to the opposition that it is serving its residents, thus the TCT launch and its continued commitment to expanding the MyCiTi system.

The strong public finance management standing of the City in comparison with other metropolitan municipalities in the country certainly gives the party a strong base from which to bolster its position and forge ahead with its MyCiTi programme. It has the longest track record with 10 consecutive years of unqualified audits (Neilson, 2014). Indeed, the mayor’s pronouncement on 31 December 2012 that MyCiTi would be extended into the working class Metro Southeast and start operating in that area in 2013 is not difficult to link with the prospect of a national election in the first part of 2014. The mayor’s declaration that “heads will roll if Mitchells Plain [and] Khayelitsha service isn’t rolled out” (Coetzee, 2012) is certainly related to the political dynamics in the area. The N2 Express service spearheaded the mayor’s promise, but it was only launched in June 2014, and not at the end of 2013 as the mayor promised. This illustrates both the disconnect between political ambitions and the reality of public transport system upgrading, and that public transport can be, and is, used to further political aims.

Political considerations may also have influenced the decision to adopt BRT as the mechanism for transforming public transport at city level. Every phase of such a project provides an opportunity for a ‘ribbon-cutting’ event. Some of the tenets on which BRT has been promoted would doubtlessly appeal to a politician standing for re-election and keen to impress a prospective constituency. These tenets include that BRT is self-financing (Hook, 2005) and, importantly in the South African context, that it provides an opportunity for ‘quick’ reforms to existing modes and operators that can serve political advancement (Wright, 2004; Wright & Hook, 2007). In the end the role that politics plays in a project as large as a citywide BRT scheme or even a single BRT corridor is a powerful reminder to civil servants, practitioners and researchers alike that decision-making at the urban scale is not a clinical, neat or rational process.

## **There is scope to explore and implement alternative reform approaches**

Elected politicians lead public transport planning and regulation, and the human resources dedicated to these activities. It is indeed in the design of the country's governance system that the municipal administration takes its cue from politicians (Constitution of the Republic of South Africa, 1996, as amended, 2009:s160). The public transport reform process has, however, highlighted that there is a time lag between the political and administrative processes that has the potential to place additional, if unintended, strain on already stretched public authorities. One pertinent instance of this is the connection between the strategic focus of the PTS programme and the NLTA. The first two phases of the PTS were envisaged to be completed by 2014. These first two phases would have led to the basic public transport networks in the primary 12 cities and six districts in the country being in place, and all existing operators would have been restructured to be in a position to provide services on these networks. In other words, paratransit businesses in these 18 locations would have been corporatised by 2014. This was the planned flow of activities when the policy was put forward in 2006-7. During the period that the policy was being developed the replacement of the NLTA (of 2000) was also in the pipeline, and in 2009 the NLTA was promulgated. In the NLTA provision is made for the rationalisation of paratransit services that would pave the way for a new order to be established. Section 49 (3) stipulates that:

Any permit or operating licence authorising minibus taxi-type services issued for an indefinite period, or issued for a definite period that has not yet expired, must lapse seven years after the date of commencement of this Act.

In a meeting with one of the authors of the Act, Mr Neville Dingle, we discussed the motivation behind, and implications of, the Act's provisions around paratransit regulatory reforms and the PTS (Dingle, personal communication 2013, 10 July). One of the aims of the TRP was to eliminate the permit system inherited from the apartheid regime, which allowed indefinite validity of operating permissions and radius-based, rather than route-based, operations (discussed in detail in Chapter 3). To qualify for a scrapping allowance under the TRP an operator first had to convert the older radius-based permit to a route-based operating licence. Route-based licences allow for a clearer assessment of supply and demand as well as clearer indications of the geographic location of operating rights. The scrapping allowance was the incentive for operators to convert their permissions. Delays in launching the TRP and in the conversion administration process led to 2016 (i.e. seven years after the commencement of the Act in 2009) being deemed a feasible horizon date for completing this process.

Section 52 of the Act dictates that operating licences may remain valid for a maximum of seven years (except in the case of the 12-year negotiated BRT services), and that all awarded licences must be granted for a fixed period. Together with the 2016 time horizon this also allowed municipalities to make longer-term plans for public transport reform, knowing that paratransit operators could not automatically lay claim to valid operating rights after 2016, or for a maximum of seven years thereafter. Where cities have IPTN plans in place the affected paratransit operating licences would thus not have to be renewed after 2016. These license-holders had then to be drawn into contract negotiations, be compensated for the loss of business through the cancellation of their licences, or be given an alternative operating opportunity. In the absence of an IPTN plan, in practice operating licences would in all likelihood be renewed automatically. Moreover, there are provisions in the Act protecting paratransit operators against unmotivated cancellation of their operating licences.

The NLTA makes allowance for a relatively fair regulatory regime change that would not leave paratransit operators stranded. At the same time it places a significant responsibility on city authorities who opt to commence with negotiations around establishing IPTN contracts (e.g. Cape Town and Johannesburg) to engage existing operators around, and include them in, their reformed systems. Section 41 (1) states that:

Contracting authorities may enter into negotiated contracts with operators in their areas, once only, with a view to (a) integrating services forming part of integrated public transport networks in terms of their integrated transport plans ...

Once authorities commence with such negotiations, section 41 (2) adds that such negotiations must, as appropriate:

... include operators in the area subject to interim contracts, subsidised service contracts [e.g. GABS], commercial service contracts, existing negotiated contracts and operators of unscheduled services and non-contracted services [i.e. paratransit].

It appears to be the case that cities' agendas are, rather ubiquitously, to build BRT systems. The Act does not specify which operating technology needs to be used, but rather the way in which existing operators should be engaged. There is thus scope for municipalities to explore alternative reform mechanisms.

Even in the two cities with IPTN plans that are furthest ahead in terms of construction and operations it is highly unlikely that the majority of their geographic areas will be served by reformed services. Paratransit will in all likelihood continue to transport significant numbers of

passengers. These cities will require dual regulatory systems: one dealing with IPTN services, the other with existing paratransit operating permissions. In the remainder of the 18 cities and districts, IPTN roll-out has been much slower, or non-existent, and the first concerted efforts at operator corporatisation and contracting have yet to commence. In these cases paratransit services are likely to continue to be the mainstay of public transport operations. In these cities there will also have to be two regulatory regimes where allowance is made for the IPTN services to the extent that they materialise, as well as for paratransit operations in their present form. In the remaining scenario, that of municipalities in the country where no IPTNs are envisaged, only one regime may have to be put in place, i.e. for paratransit regulation, which could well take the form of a continuation of the current licencing system.

There are, at least at the national level, some efforts to move thinking away from BRT-led reform. In July 2012 the DoT published a request for terms of reference for the appointment of a service provider to investigate alternatives for regulating public transport that would be appropriate in South Africa. The three key issues that the study had to address in its six-month timeline were whether the current licensing system was still relevant, whether there was a more effective and enforceable way of regulating public transport, and the way in which the existing regulatory system could be improved if it was found still to be relevant. Its findings were not published. More than a year and a half later, in February 2014, the DoT issued invitations for a brainstorming session to obtain broader input. Whether or not this points to the fact that the study findings were inconclusive or unsatisfactory, it is encouraging that there is a national dialogue on the topic of public transport reform. That it has taken so long to move forward is indicative of the complexity of the task at hand.

If the reform process to date in Cape Town is taken into account it is evident that a standardised regulatory mechanism at national level will not suffice to cover the different scenarios that the PTS programme has led to. Moreover, reformulating the current operating licence regime in IPTN cities will in all likelihood require greater effort than elsewhere in the country. Public sector capacity is already being stretched to get the IPTNs built and operating, and to establish transport authorities with the appropriate devolved planning and regulatory functions. It is unlikely that even a relatively well-resourced and well-managed city such as Cape Town has spare human resources to develop or adopt a new regulatory regime. Where the DoT can play a role is to support city authorities around the local challenges of paratransit reform and implementation of the PTS, to lead thinking around alternatives to the regulatory system, and to document paratransit reform processes to increase learning between different locales.

## **6.2 PARATRANSIT ACTORS' PARTICIPATION IN REFORM**

The propositions in this section focus on different paratransit actors' roles in reform. A first proposition is that a revised and extended TRP is warranted and can impact positively on individual operators. Next, in engagement processes around reform, operators associations are best placed to mediate between the public sector and collective and individual paratransit business interests. Lastly, the detailed local operating knowledge of paratransit operators is a valuable resource in instituting reform, but there have been few efforts to draw on this resource.

### **There is a strong case for reviewing and extending the TRP**

Operators' responses during the interviews suggest that government efforts to reform public transport did not necessarily address the issues that they set out to attend to. Multiple concerns emerged in relation to the TRP in terms of the recapitalisation subsidy. The TRP capital subsidy was insufficient to be an effective incentive to entice operators to retire from the industry, which was one of the TRP's intentions. If operators opted to use the subsidy to purchase a new vehicle it was reported that it did not necessarily fully cover the typical deposit required by a financial institution to secure a loan. A prospective new vehicle owner may be forced to approach less reputable credit providers to cover the shortfall should he or she not be able to borrow the money from family or friends or have savings from which to settle it. Even if it covered the deposit, the allowance covered only a small part of the cost of a TRP-compliant vehicle.

It also emerged from the interviews that some operators might make only enough from running their minibuses to cover the debt repayment on the vehicle. Though it would require financial statements to verify such claims, multiple respondents reported that their total monthly financing costs on a vehicle was in the region of ZAR10 000 ( $\pm$ USD830). This is not an unlikely monthly instalment depending on: the term of the loan; a purchase price of the vehicle at around ZAR340 000 (USD28 300) for the popular Toyota model less the current ZAR74 100 (USD6 175) scrapping allowance; and an interest rate reported typically to be 15%-18% charged by commercial banks but up to the legal maximum of 25% charged by SA Taxi Finance.

On the income side one of the interview intermediaries' estimated that the daily target amount that drivers pay to owners was in the range of ZAR400-ZAR1 000 per day (Botha, personal communication 2011, 20 June), corroborated by sources quoted in the press that estimated

ZAR500 per day (Smith, 2011) and up to ZAR1 000 per day (South African Press Association, 2013). Based on a six-day workweek an operator's monthly income could thus be in the range of ZAR10 000-ZAR26 000. Allowing for ownership costs (such as maintenance and insurance), days on which the vehicle is not operating (due, for instance, to breakdowns or impoundment), and association membership dues, it is conceivable that an owner's monthly income could be below ZAR10 000. This may especially be the case of a one-vehicle business operating on a less lucrative route. Respondents' claims that the TRP created a debt-trap for them are thus not farfetched. It is furthermore not surprising that operators engage in long-distance, shuttle and contract services, which allow them to cross-subsidise their licensed public transport service component and to extract a profit for themselves. Such cross-subsidisation was indeed reported during one interview to be exactly what happened in practice.

Why then do operators continue to buy into the TRP, and take on new debt in order to do so? The interview results shed some light onto answers to this question. Barriers to entry are not as low as one might think in an industry incorrectly understood as 'unregulated': traffic law enforcement efforts regularly conduct road-blocks to confirm valid operating and drivers' licenses; income tax registration and a valid operating licence are mandatory for vehicle scrapping; and associations move forcefully against rogue operators. Nonetheless, the capital and human resources required to start a business are relatively small, and as a result a paratransit business offers an individual the prospect of full ownership. By starting and running such a business the operator also creates employment not only for him- or herself, but also directly and indirectly for others in the community. Operators' home communities are often characterised by high levels of unemployment and social marginalisation, and being able to start and run your own business is an antidote to these ills. The status that being a business owner and employer and having purchasing power brings with it cannot be underestimated. Such status is furthermore embedded by offering an array of local, long-distance and contract services that fill a multitude of transport needs. By being able to do so in a new vehicle attracts or fulfils the expectations of passengers who, when circumstances allow, choose to wait for new vehicles rather than board old ones. It also allows an owner to demonstrate that he or she is part of the modern economy. Thus, though there may be flaws in the TRP's implementation, I would argue that it has responded to an all too human need for status and distinction and has prompted operators to act on their aspirations.

What a sufficient capital subsidy amount would be and how it should be delivered are difficult questions to answer. Operators' circumstances vary widely and the accessibility and efficacy of debt funding mechanisms may be problematic. Despite such challenges the TRP has stimulated large-scale fleet renewal: as noted by respondents, and observable from the reduction over the years of the number of dilapidated minibuses on the road, the service to and safety of passengers has seen improvement. It is a concern that the TRP is coming to an end in the near future, and the vehicles replaced near the start of the programme in 2006 will soon be reaching their replacement date. There is as yet no clear indication of whether the TRP will be replaced or extended in some form or another. This does, however, offer opportunities for further research, including what mechanism of public financial support might be appropriate for the paratransit sector to improve its service to passengers; the quantum of such support; and whether it should take the form of capital or operating funding or both, or indeed non-financial support.

In terms of cost to the national public purse, explorations of the possibilities that an extended TRP offers should be seriously considered. Despite significant overspending on its budget, by 2013 the TRP had contributed to the renewal of a fleet of over 54 000 minibuses across the country at a cost of ZAR12.9bn (USD1.1bn) (Ensor & Vecchiato, 2013). As discussed earlier in this chapter, in the same year the capital costs of the complete first phase of MyCiTi were estimated to be ZAR4.6bn (USD383.3m). There were 661 minibuses involved in this project phase (as stated in Chapter 3). Clearly the service that MyCiTi offers is much more sophisticated than that of recapitalised paratransit minibuses. But in terms of the geographical extent of public transport service improvement, the sheer number of paratransit businesses (and passengers) it has reached, and its overall cost there is much to commend the TRP as an approach to reform.

### **Operator associations are well placed to mediate collective and individual paratransit interests**

The paratransit operator's business is not independent of collective interests. Operator associations served as the platform through which the interviews were conducted; though my initial aim was to reach individual operators, in practice the associations served the dual roles of gatekeepers and facilitators. The controlling role of associations was evident in my personal observations of many of the interviews – during a number of the interviews I got the impression that respondents toed the association's line. Yet being able to reach individual

operators through an association made gaining access to respondents much easier. Another instance of individual business in the context of the collective was illustrated in the MyCiTi industry transition process. Around the negotiating table were municipal officials and association representatives – not individual operators – and decisions around corporatisation and compensation were left in the hands of associations. It would be difficult to argue that associations and operators do not form a unit, however uncomfortable individuals may at times find this arrangement.

Associations have long been part of the industry, and in its final report the NTTT (1997) recognised their central role and recommended that they be supported and strengthened in this role. The NLTTA that followed in 2000 recognised associations' primacy, formalised their regulatory role, and made it difficult for operators who did not belong to associations to apply for operating licences. Only under exceptional circumstances could non-members qualify to apply for licenses, such as there not being an association in the area being applied for or an association preventing a prospective operator from joining it or from operating (NLTTA 22 of 2000: s113). In practice such 'pirate' operations are uncommon. It is unlikely for there not to be an association with a presence in an area where there is a market for paratransit services. Associations' role as territorial protectors would furthermore make it difficult for rogue operations to go unnoticed and unchallenged for long. Lastly, despite there being evidence that associations were not taking in new members, it would be unlikely that a prospective operator would be refused entry as new members bring with them new membership fees.

Though the NLTA is silent on association membership being a requirement for license-holding, the dominance of associations and their leaderships over operators was thoroughly entrenched prior to its enactment in 2009. It is improbable that this hierarchical relationship will change in the near term. The PTS has demonstrated that with sufficient public sector effort and funds – mediated through associations – a small proportion of operators can be incorporated into companies (or can retire comfortably). But within these companies the hierarchy has remained more or less intact through the structure of shareholding and management. Ultimately, if individual operators have a need for self-determination, the industry in its present form does not allow for them to express it (nor does the group interview setting). In the absence of a PTS-funded retirement from the sector it is, however, not easy for them to exit the industry. The industry may have served the entrepreneurial spirit in its heyday, but it has grown into a remarkably rigid and regulated playing field akin to the formal economy.



Despite the imbalance of power between operators and associations and the potential for unexpressed resentment on the part of some individual operators, the association as a collective institution can serve the shared interest of individual operators. The interview findings demonstrated a number of ways in which associations worked in their members' favour. Besides serving to mediate in internal disputes, protect members' operating rights, and manage day-to-day operations, associations can also be drivers of internal reforms. As discussed in Chapter 5, such initiatives, whether successful or not, included collective fleet management, converting to scheduled and contracted operations, cashless fare collection, a pension scheme for operators, and selling advertising space on vehicles to secure additional revenue. These initiatives were planned or undertaken without public sector support, and could be interpreted as the paratransit industry's expression of an internal need to reform. Not to harness or explore the internal reform that is already in evidence would be a missed opportunity; how these internal changes could begin to be incorporated in, and strengthen, reform endeavours where the public sector is involved is discussed later in this Chapter.

The NTTTT did not only put forward recommendations with regard to local associations. It also set out at length the need for, and manner in which to establish, a full hierarchy spanning city, provincial and national interests. The NTTTT found that “[u]mbrella bodies do not help the associations under them” (NTTT, 1997:13) and recommended that “the fragmentation among [the industry’s] institutions (associations) has to be overcome through endeavours to unite and formalise” (NTTT, 1997:4; round brackets in original). The result of the recommendation was the national body, SANTACO, and its regional offices.

Respondents' views on SANTACO and its subsidiary offices tended to be that these did not offer effective representations of associations' and operators' attitudes and interests. As such they failed in their role as intermediary between government and individual operators and associations. Respondents' motivations for expressing these views were often difficult to penetrate – some were not re-elected to serve within SANTACO in recent elections and may bear grudges, while others could well have been using the national body as a scapegoat for their frustrations with a difficult operating and business environment. Personal differences did not hide the fact that the body was not the uniting force amongst operators and associations in their day-to-day endeavours that it was supposed to be. It was clear from the interviews that there were opposing factions within SANTACO and that it ran the risk of becoming a political battleground and universe on its own, removed from operators' needs.

Drawing on the PTS and MyCiTi implementation processes (described in Chapter 3) the national body furthermore had limited, or no, involvement in supporting operators to face the challenges posed by corporatisation and contracted operations. It would, however, be unfair to SANTACO to claim that it did nothing in exchange for the ZAR16m (USD1.33m) in public funds that it received from the DoT in the 2012-2013 financial year or ZAR21m (USD1.75m) the preceding financial year (DoT, 2012; 2013b). It does serve to lobby for, and comment on, paratransit policy and regulatory issues at the national level. It is, rather, the degree to which it represents the individual operator's needs and aspirations that is questionable. Ultimately the multiple and conflicting views expressed during the interviews suggest that it is, in fact, doubtful whether anything except direct engagement with the variety of interests in the paratransit arena would offer sufficient insight into the compliance of present policies and regulatory frameworks with needs on the ground. Such sector-wide investigations may, however, come at a cost far beyond what the public purse would accept. Should efforts have to be rationed local operator associations are best placed to be the mediator of individual and collective interests.

### **Operators' knowledge of local operating conditions is an underutilised resource**

The City of Cape Town publicly committed to be more inclusive in its MyCiTi consultations with paratransit entities (Nicholson, 2012). This aligns with the constitutional imperative that the public administration encourage participative policy-making (Constitution of the Republic of South Africa, 1996, as amended, 2009:s195). It follows that the municipality in Cape Town (and in other cities) elicits operators' and associations' views on reform prior to embarking on full engagement around their corporatisation and transformation. The risk of operator resistance and the costs of buying out their businesses and installing a new mode of public transport are too great not to do so. IPTNs installed to date adequately demonstrate these risks.

However, besides risks there are also advantages to engaging operators prior to setting out in any particular policy direction. Operators have a detailed understanding of local operating conditions. One of the more obvious benefits of this would be to avoid a situation that arose during MyCiTi implementation where procured feeder buses could not navigate the narrow side streets in the Du Noon township (McLachlan, personal communication 2011, 17 March). There are tacit signs from the municipality that smaller vehicles (essentially rebranded paratransit minibuses) would form part of its reform strategy going forward, but costly practical implications and embarrassment could have been avoided in the first place merely by drawing

on paratransit operators' existing knowledge. Similarly, operators have a detailed understanding of localised passenger demand, and fluctuations therein. Based on this knowledge operators have developed a trunk and feeder system using particular paratransit ranks as interchanges or locating near other modes' major stops. As with paratransit routes, rank locations would typically follow demand patterns, and thus existing interconnection points are unlikely to be arbitrary. By drawing on operators' insight the municipal administration might have focussed efforts and funds on replacing line-haul paratransit services, and where economies of scale justify, use of larger vehicles and dedicated infrastructure. Line-haul routes could then have inter-linked with feeder paratransit services in their existing form at established ranking points, rather than replacing vehicles that were in fact already fit for the feeder purpose.

Especially in view of significant cost overruns and funding uncertainty such a pragmatic approach should hold much appeal. Moreover, the initial concept in the project was that paratransit and bus operators would jointly own and operate MyCiTi services. In practice this has not been the case. In the first project phase the incumbent bus operator established a dedicated BRT operating company and only runs trunk operations. Paratransit-owned companies run feeder services and share some of the trunk lines. In this manner at the ownership and operational level paratransit is still the feeder. The one area where the City has successfully tapped into the paratransit 'logic' has been through targeting associations as the parties to be negotiated with. The locus of power is clearly located at the level of the association, and not lower – with individual operators – or higher – with the national or regional bodies. If the association can be convinced to change, it is likely to be able to convince its members. Though it was not unheard of for friction between association leaders and ordinary member to erupt at times, on the whole their acceptance of the City's offer seems to have won half the battle.

At the broader level, engaging operators from early on in any change process reduces the chances of their walking away from the negotiating table or being able to claim that their reason for rejecting a proposal is that they have not been consulted. Starting engagement early in effect allows for the conditions for buy-in to develop. The interview findings revealed two important issues surrounding the approach that government has taken in engaging paratransit operators that are pre-requisites for such conditions to emerge. Firstly, there seems to be too little information available for operators to be able to make informed decisions around opting into the programme or not. Secondly, the information that is available may not be in a

vocabulary that operators can easily understand. Frank and frequent communication between government and paratransit entities might begin to forge the trust that is a necessary foundation for the complex negotiations that are required to corporatise existing operations, and to allay uncertainty and fears on the part of paratransit operators who are being asked to abandon their familiar and decades-old business format, however flawed it might be.

The findings of the semi-structured interview method, as well as the MyCiTi's first phase engagement process, provide some pointers for the reform policy engagement process going forward. Engagement with paratransit operators is an intensive and at times volatile procedure with unpredictable results. Penetrating operators' views will require sustained effort especially in view of the significant potential for a hostile reception. The paratransit sector has created a niche for itself in the passenger transport arena despite receiving little public sector support, particularly prior to the TRP. Approaches by the public sector around paratransit restructuring are therefore typically viewed as unwanted outside interference. Focused and transparent efforts will have to be made to overcome the 'us/them' boundary for a mutually acceptable reform agenda to be established.

Government may ultimately have to accept that this agenda does not revolve primarily around the introduction of a new public transport mode, but rather around unlocking the human capital that is embodied in the multitude of paratransit businesses around the country and in each city. Such capital includes a wealth of operational experience and local knowledge. Conversely, paratransit operators and associations may have to move away from seeing themselves as the owners and operators of a particular vehicle and mode of operations, and recognise that their businesses are located in a segment of the economy that is receiving significant public sector attention and funding. The outcomes to date of the government-led engagement process and my interviews would suggest that both government and paratransit have the capacity to achieve such shifts in focus. On the part of the public sector its mandate to serve the residents of the country and, I would argue, the political imperatives and kudos of being seen at the head of visible urban improvements would motivate for continued reform efforts. On the part of paratransit the driving force behind change will in all likelihood continue to be the prospect of greater financial profit.

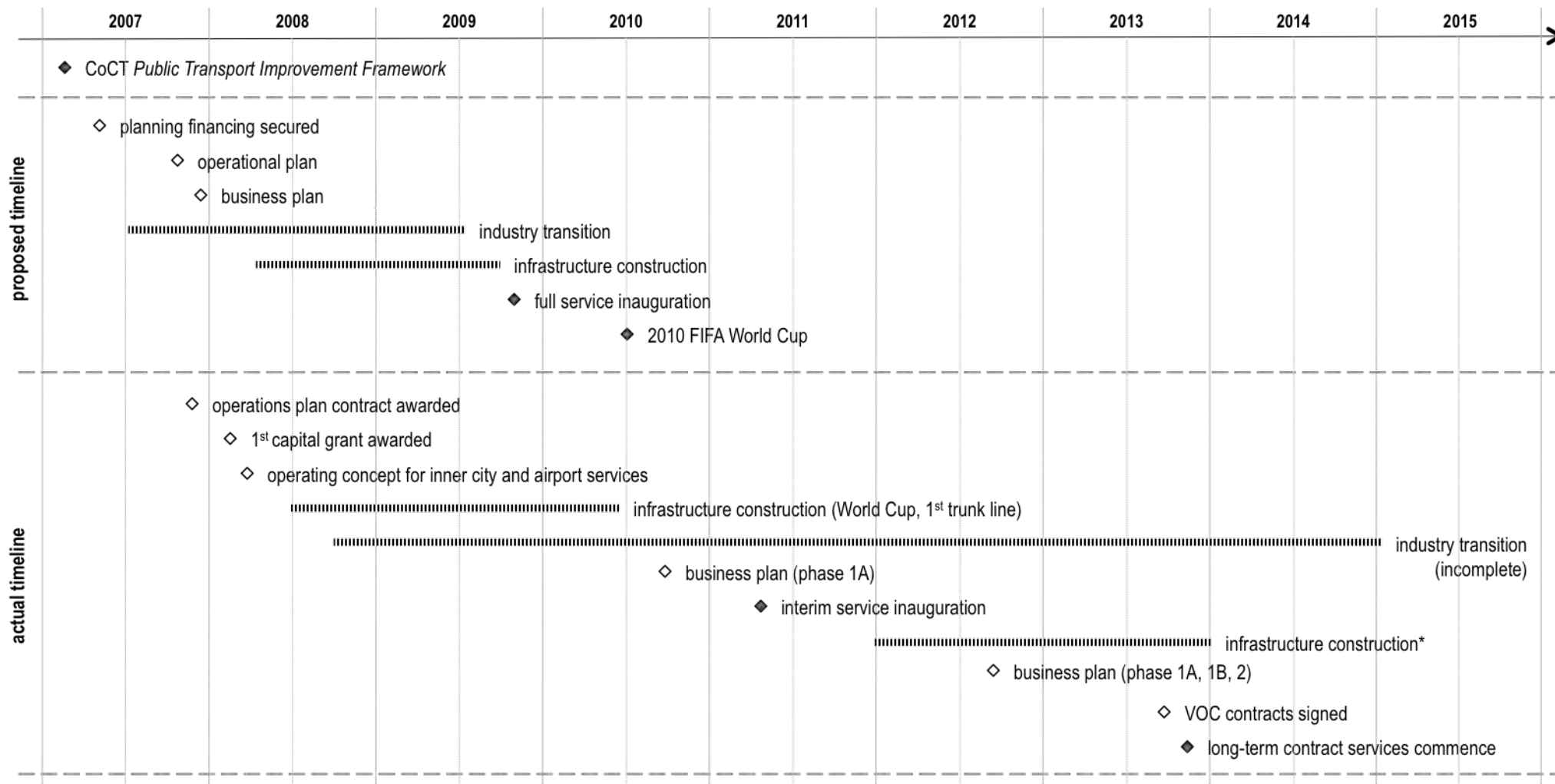
### **6.3 PROSPECTS OF PUBLIC TRANSPORT REFORM**

This section presents three propositions around the prospects of the current reform approach in Cape Town. The first is that MyCiTi's initial project phase has shown that comprehensive BRT implementation relying on the assimilation of paratransit operators has not been the panacea that it was initially expected to be. The second proposition is that further MyCiTi project phases will necessarily have to shift away from the BRT-led approach to reform. A third proposition is that the reform process in Cape Town will result in a hybrid outcome: some paratransit operations will be shifted into the scheduled and subsidised services fold, while the majority will continue in their present format.

#### **The comprehensive BRT approach is not a panacea**

Without having embarked on the first phases of IPTN roll-out at national and local levels it would not have been possible to gauge the extent of the impact of the reform programme on local institutions and operators. What the MyCiTi project has demonstrated, though, has been that the initial timeline for BRT implementation was optimistic (see Figure 6-2). This in itself is no revelation: it is not difficult or unusual for a project at the scale of the MyCiTi to exceed deadlines. The project had to confront a complex mixture of existing and new challenges in terms of rights-of-way and infrastructure provision, vehicle procurement and maintenance, operator reorganisation, vehicle and station service contract design, a nationally interoperable fare system, centralised monitoring and control over the entire system, and dynamic local and national funding mechanisms.

Even in terms of only the infrastructure, arguably a core strength in the South African transport field, unfamiliar obstacles such as trunk bus priority at intersections, physically segregated lanes and median bus stations confronted the project. Add to this the project streams dealing with the existing paratransit and bus operator transition, balancing capital and operating incomes and expenditure, and drafting long-term contracts within an intricate regulatory system, and it becomes clear why a number of the project components lagged behind the initial schedule, in some cases extensively so.



**Figure 6-2: MyCiTi phase 1 planned and actual timeline comparison**

Sources: CoCT, 2007b; 2008; see also Chapter 3

Actual routes that were not in the original proposal have been excluded from this comparison

Clearly, managing all the work-streams of the first phase of the project concurrently has stretched institutional capacities. Despite the initial project phase not yet being complete, since 2013 planning, construction and operator engagement in the second project phase were added to the workload, with a view to launching a three-year pilot service. As the full second project phase is only in the early stages it presents a moment for critical reflection, and two potential project paths present themselves. The first is to substantially increase institutional capacity and funding to continue the comprehensive BRT and operator transformation approach. The second is to scale back the project specification to more closely match present capacity and a realistic projection of capacity growth in coming years.

Scaling back the project may be all but necessitated by the higher than expected cost of full-specification BRT as demonstrated by cost escalations in the first project phase. From an early projection of ZAR1.4bn (USD116.6m) (Lewis, 2009) capital costs were later estimated to be ZAR4.6bn (USD383.3m) upon phase completion (CoCT, 2013e). Ultimately BRT was new to South Africa, and possibly the only way to have found out what it would cost in the local context at the time was to implement it. Perhaps a better measure of project cost is the total expense of the endeavour in relation to the degree to which it has benefitted the passenger. The City's figures indicate that over the 2011-2013 financial years MyCiTi capital expenses totalled 59% of the City's total transport capital expenditure for the period (CoCT, 2012b). Yet, as reported in the City's transport plan (CoCT 2013d), by 2013 MyCiTi was the main mode of only 0.3% of weekday trips (see **Table 6-1**).

**Table 6-1: Public transport operating subsidy in Cape Town**

mode	train (Metrorail)	bus (GABS)	bus (MyCiti)	paratransit
funding agency	NDoT	PGWC	CoCT	-
annual operating subsidy (±)	ZAR 1 300 000 000	ZAR 770 000 000	ZAR 150 000 000	ZAR 0
weekday passenger trips	635 000	240 000	22 000	320 000
subsidy / weekday passenger trip	ZAR 8	ZAR 12	ZAR 26	ZAR 0
annual subsidy / passenger	ZAR 4 094	ZAR 6 417	ZAR 13 636	ZAR 0
main transport mode	10.9%	7.9%	0.3%	15.3%

Data source: CoCT, 2013d

Subsidy per passengers assumes 261 weekdays per year and two trips per passenger per day.

In terms of its draw on operating subsidy there is an equally stark bias. Comparing the transport plan's 2013 survey and 2013/2014 subsidy information across public transport modes reveals that the annual operating subsidy per passenger for the first phase of MyCiTi is more than

double that of either rail or bus (as shown in **Table 6-1** above). The National Treasury contributes a portion of MyCiTi's operational subsidy through the Public Transport Network Operating Grant (PTNOG), but even so the amount that the City has to cover will only increase as more MyCiTi services come on stream. This raises serious questions about the financial sustainability of MyCiTi at its Phase 1 specification level.

The role that international advocates of the “Bogota model” of BRT played in it being transferred to South Africa and Cape Town should not be understated – nor should the significance of “gold standard” BRT as promoted by the ITDP and associated individuals and agencies (ITDP & GIZ, 2012), or similar best-practice handbooks such as the 2004 and 2007 BRT planning guides (Wright 2004, Wright and Hook 2007). Both the model and the standard contribute to a notion that BRT is a comprehensive product that can resolve the messiness of uncoordinated and poorly integrated urban public transport operations in a developing country such as South Africa. In a sense, BRT is a solution looking for an application. Priemus (2008:105) notes that it is not unusual for this to occur internationally in large-scale projects: for a lobbyist-supported solution which suits the initiators to present itself early on in the project and then for it to go in search of possible implementation opportunities. Indeed, from the perspective of the South African public transport reform strategy this is what has happened. BRT as a modal technology was identified as a quick fix to upgrading public transport services, rather than there being a careful assessment of problems and then an equally careful consideration of a suite of potentially appropriate actions that would address each.

I do not suggest that BRT as a technological offering is at fault. In many cities around the globe BRT has encountered a fertile mix of pre-existing institutional structures, passenger demand and urban circumstances that has allowed it to make a positive difference to passengers' experiences. Even in South Africa there are instances of high demand corridors where BRT would be an appropriate transport solution, but the highly challenging urban spatial legacy in South Africa limits the number of these corridors. Thus, promoting BRT as a panacea across all South African cities borders on being reckless. In many cities that are implementing BRT the realisation has not yet dawned that reforming paratransit comprises far more than constructing new infrastructure and drawing up contracts, and that the main thrust of the *reform project* is indeed not the installation of BRT services but a multi-faceted transition process for which the public sector is not adequately prepared.



### **Forthcoming MyCiTi phases will have to shift away from a BRT-led approach**

An expectation created by using BRT in Bogota as a reference point was that MyCiTi services would only require capital subsidy in each phase, with operations completely supported out of farebox revenue. The capital subsidy was seen as a necessity to overcoming the apartheid spatial legacy and historic under-spending on public transport infrastructure, but operating subsidies were not foreseen. The result has been that the City has had to allocate a portion of its own budget to funding MyCiTi operations, in essence taking on a new fiscal responsibility without having dedicated funding for it. Ultimately it is the city's ratepayers who will pay for the operating deficit in a rather direct way; in view of the initial 'operating subsidy free' claim for the new system this is a significant unfulfilled expectation for the municipality.

In order to ameliorate the impact of an unforeseen operating subsidy for the MyCiTi, the City announced that it would cap this subsidy to 4% of its overall municipal budget (CoCT, 2012a). While this measure may offer at least some reassurance to ratepayers, it has had, and will have, a negative effect on an array of the attributes of the resulting public transport services. Indeed, while City officials have already tried to make the operating contracts as lean as possible, they have come to the realisation that there simply are not enough funds to run the full scale BRT model to the specifications initially envisaged and are investigating cost reductions (CoCT, 2012a). In the first phase, where the infrastructure is built and the buses bought, the most likely impact will be on the service level in terms of reduced headways between buses. This will be detrimental to the car-competitiveness of the system, and impact on residents' perceptions of and support for the reform project. The City's reasoning for selecting the West Coast corridor was that this area lacked a high-capacity public transport service; thus the construction of the BRT trunk line. This corridor, however, runs through a large portion of the city's middle-class suburban households (i.e. ratepayer territory) – a politically important group to the ruling party, and a source of political ammunition to the opposition. With a poor level of service the large-scale and costly investment in MyCiTi/BRT would be difficult to justify particularly to the ratepayers – and, crucially to the local government, rate-paying voters – who would have to contribute to the costs of these services.

In the second phase of the project, the City's realisation of its constrained financial resources, as well as its lessons learnt in the first project phase, has led to a review of the MyCiTi operating concept. Rather than aiming to replicate the conventional BRT approach of the first phase, a shift towards a more flexible system design seems to be emerging that might be more

appropriate to variations in localised passenger demand. New buses are likely to be configured to allow for more operational flexibility, i.e. not exclusively high-floor with right-hand boarding. This means that they would not require the specialised and raised stations as per the first phase, nor would they be bound to using only dedicated median lanes or stops. This also opens the possibility for minibuses to use MyCiTi infrastructure, and for the focus of the operator industry transition process to shift from assimilation into BRT to making minibus-based paratransit services part of the MyCiTi service offering (Van Ryneveld, personal communication 2014, 17 October).

The shift away from full-specification BRT may, however, also be linked to political imperatives. In response to criticisms of favouring a relatively wealthy part of the city in the first project phase, the local governing party, not unexpectedly, might want to be seen to be improving services to the main concentration of poor households, i.e. those in the city's south-eastern sector. Simplified infrastructure and less restrictive vehicle specifications would allow for truncated completion times compared to the first phase. Indeed, the mayor at the end of 2012 promised that the N2 express service, spearheading the second project phase with 40 buses running along the freeway, would take place by the end of 2013. This date slipped to mid-2014. Quicker implementation timeframes and the pilot express service were expected to be political boons, particularly in view of national and provincial elections held in May 2014.

To what extent the reduction in specification would be of concern to residents and potential users in the city's southeast would be difficult to gauge, but the potential for a backlash by the electorate should not be excluded. Of even greater concern at present, and critically absent from the discourse around the project, is the first phase lessons around existing operator engagement. The reception that the project received in the first phase from affected operators has encountered similar resistance from operators in the second project phase. The number of conflicts in future may well escalate as only a small proportion of the substantially larger number of associations in this part of the city has been engaged to date. In addition, operators remain sheltered by the national principles of existing operator and labour retention and income guarantees, and are by now aware of the quantum of compensation that affected operators qualified for in the first-phase MyCiTi transition process. The PTISG only made provision for cities to claim for transitional costs, including operator buy-outs, during the initial phase of an IPTN (DoT, 2011).

In relation to compensation the municipality will either have to accommodate it in its own budget, or ensure that demands for compensation are much reduced or sidestepped altogether. With the forthcoming Phase 2 pilot route being termed a “top-up” service (CoCT, 2012a), the municipality was hoping to avoid the issue of compensation. It was deemed that no existing operations would be displaced as there was unmet demand requiring additional public transport capacity. However, in my observations during meetings around the N2 Express since the latter half of 2013, some operators have experienced a reduction in patronage and compensation is already a topic of discussion and concern. The consequences of the national promise of no operator being worse off after BRT implementation continue to be a thorn in the side of local government. In the City’s own assessment as early as 2010 it reported that:

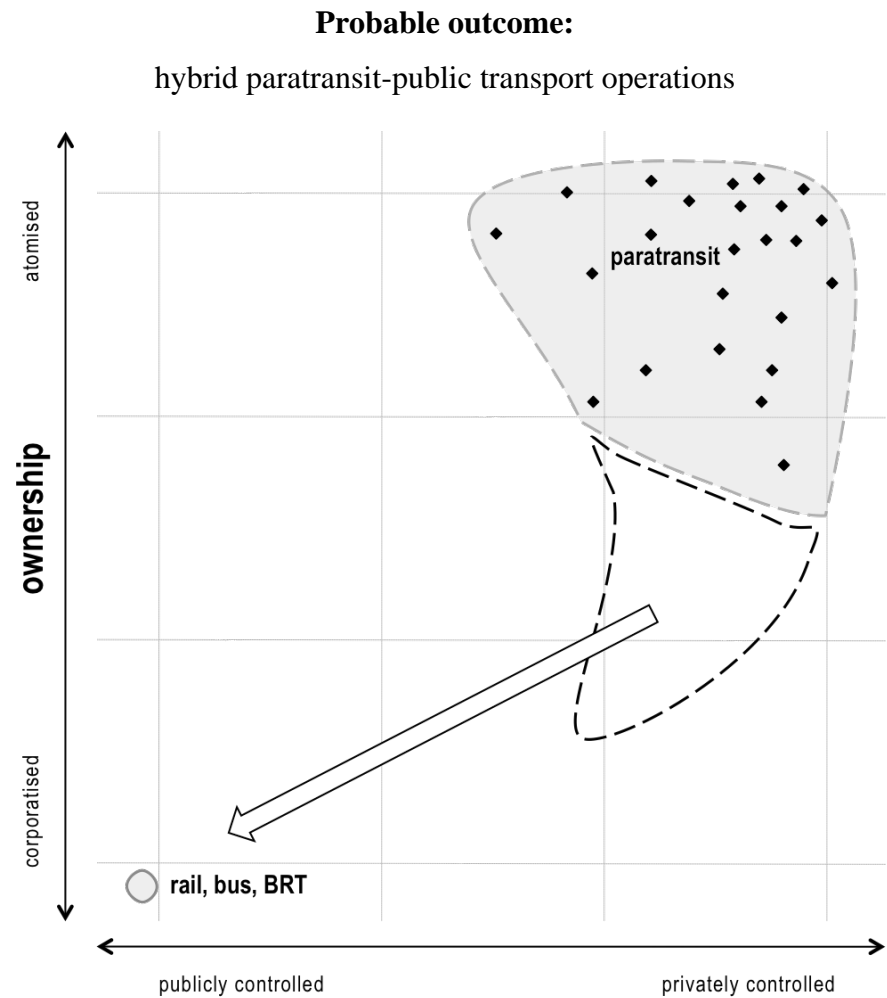
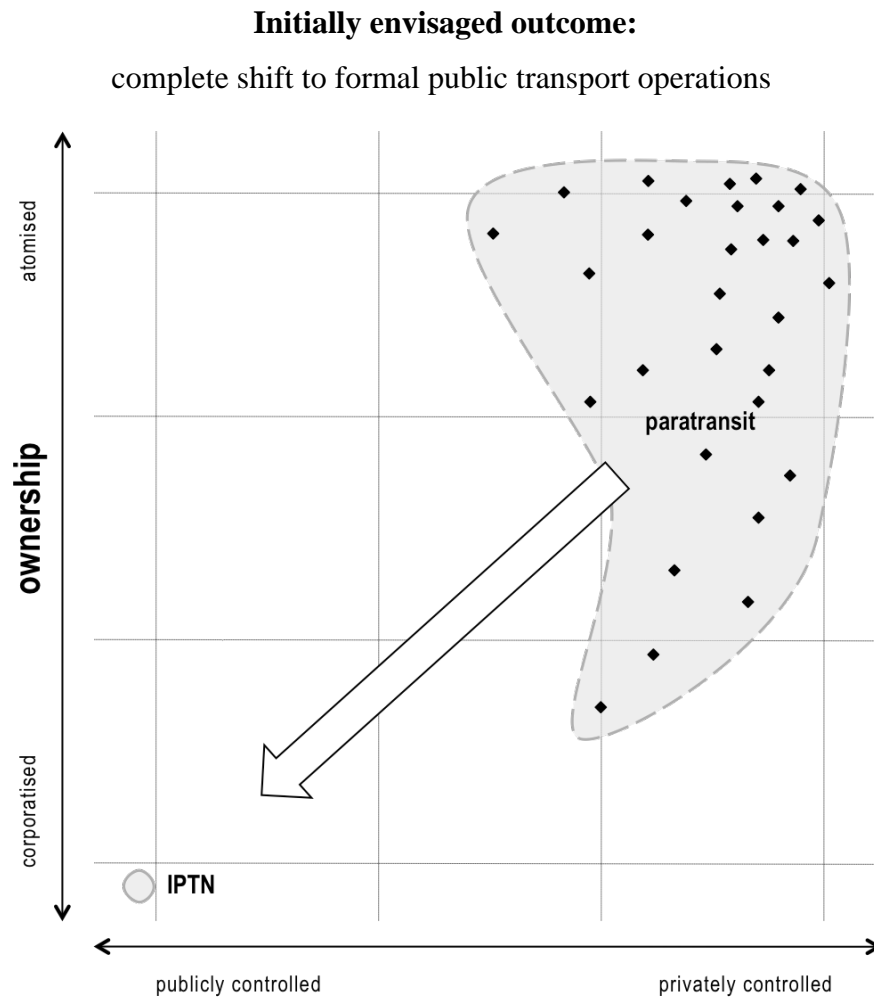
... the financial viability of the existing [minibus-]taxi and bus industry versus the proposed MyCiTi system, viewed from a vehicle operator perspective, indicates that the existing industry will generate significantly more profits than what the corresponding MyCiTi vehicle operator company is projected to generate. Had the profits in the vehicle operator company been equal or better, it would be less of a challenge to convince taxi and bus operators to voluntarily surrender their existing permits and vehicles in exchange for a share in a new vehicle company. (CoCT, 2010:99)

In all likelihood the municipality will have to include into its own budget the cost of continued paratransit business buy-out if its present approach to reform is to succeed. The experience of inserting a BRT system in Mexico City supports this view. Flores and Zegras (2013), in their analysis of the cost of including bus and paratransit in the Metrobús BRT system, found that with the addition of each new corridor, operators and implementers adjusted their expectations and vied for the best position to gain from system expansion. Each new corridor resulted in more incumbents being affected, more operator collectives being engaged, and the slice of passenger demand (and revenue) shrinking accordingly. As in Cape Town, it was also the case in Mexico City that BRT was promoted as operating subsidy-free, but the deals struck with operators in order to protect them from losses came at the price of public funding for the operating deficit. In short, the Cape Town municipality is unlikely to convince paratransit operators to participate in the present reform programme without some form of financial enticement, be it through a once-off capital pay-off or through a continuing operating contribution to ensure that their profits as new IPTN operators match up to their current paratransit operating profit.

## **Paratransit-public transport hybridity will be a reform outcome in Cape Town**

The public sector's role in the reform process, the manner in which paratransit operators have been engaged in relation to such reform, and operators' aspirations and attitudes as expressed during the interviews indicate an overall impact on paratransit operations quite dissimilar from the initial intention of the national reform agenda. The financial, human resource, and practical limitations outlined above support this view. Rather than the corporatisation of the paratransit sector and the wholesale absorption of paratransit MyCiTi operations, my research suggests that only a portion of paratransit operators will find their way into the reformed public transport fold in Cape Town. Probable outcomes of the paratransit reform process at city level are that the majority of paratransit operations will continue in their present form, albeit with some recapitalised vehicles partially funded via the TRP, and a small minority of paratransit operations will effectively be absorbed in MyCiTi operations. Failing incorporation in the IPTN operators and associations might well continue to explore other avenues to formalise or improve their operations. Figure 6-3 is a conceptual representation of these outcomes in relation to what the Public Transport Strategy set out to achieve.

Consolidated operators (and those that are likely to do so with some encouragement) and the more ubiquitous one-vehicle/one-owner paratransit business both have their places in a reframed reform strategy. In the context of constrained public finances it would make sense to concentrate investment on higher density passenger movements (i.e. trunk corridors) where the largest number of passengers would benefit from such investment. With one of the public sector's strengths demonstrably being infrastructure provision, municipal efforts could focus on the provision of dedicated trunk rights-of-way. Experience already gained in the first phase of MyCiTi in relation to, for example, trunk lane design, pavement technology and station layouts would be a resource. The capacities to undertake such design and implementation have already started to be developed in-house within a handful of municipalities. The aforementioned paratransit operations showing signs of corporatisation should be encouraged and supported to become the operators on these trunk lines. This transition could follow the current BRT-led approach (and as discussed in Chapter 2). It is also on these trunk lines where paratransit's present 16-seater minibuses are inefficient, and the more corporatised operators would more likely than not be able to see the benefits of converting to such larger vehicles.



**Figure 6-3: Impact of the reform process on urban paratransit operators**

One-vehicle/one-owner paratransit businesses would also fit into this schematic. Paratransit operators already informally serve a feeder and distributor function to rail, bus and line-haul paratransit services. The value of consolidating small-scale paratransit operators into large operating companies is debatable. This is where paratransit business fragmentation aligns with the large number of routes that need to be served and the 16-seater vehicle already suits the local feeder-distributor function. It is at the level of local land use where changes occur fastest, and paratransit operators can respond quickest. An alternative approach to improve the service of these operators to passengers would, however, be warranted. Primary considerations in such an approach should be addressing the safety of passengers, which would be reliant on mechanisms to improve the condition of vehicles and driver behaviour, and managing passengers' travel costs. This could draw on the *in situ* improvement approach mentioned in Chapter 2.

A starting point would be the TRP, which has had a demonstrable impact on vehicle safety, but is soon to become defunct and only delivers a once-off boost to operators. A refreshed recapitalisation programme should build on the established institutional and administrative systems of the TRP but narrow its focus to small operators and feeder-distributor routes. It should also take a more realistic view on the capital subsidy amount so as not to create a debt trap for a single-vehicle business, and be more pragmatic by viewing vehicle replacement as a cyclical, ongoing need. Funds that the PTISG would have provided for transition costs related to IPTNs could be redirected to fund such a programme. The PTISG's focus on capital contributions would sit more comfortably in the remit of the grant than present-day business buy-out payments.

Changing driver behaviour, however, may present a greater challenge as it would require more radical intervention. Removing the incentive to speed would involve the eradication of the target and commission systems. This could be achieved by making drivers salaried employees, though such a change may attract resistance from drivers and owners alike. Drivers handle farebox income in cash, which makes it easy for them to under-report earnings while giving them ample opportunity to siphon off income for themselves, while owners would take on the risk of having to pay a driver during lean times and be more closely involved in labour, financial and tax administration. Introducing a mechanism to improve a paratransit business's cash flow and internal accounting may address this issue as well as that of moderating passengers' travel cost. This could take the form of a cashless fare collection

system. Such a system would limit cash losses, enabling owners to receive more revenue, establish and project income more accurately, and consequently to pay drivers more and on a regular basis. Passengers would have more transparency on fare setting, and, if the system were sophisticated enough, allow government agencies to institute a direct-to-passenger subsidy with the possibility of special fare classes for target groups such as scholars and pensioners. Drivers arguably stand to lose most in such an arrangement, but incentives could be built in; for instance, for carrying a particular number of special fare travellers to allay their concerns. Moreover, as the equity, vehicle and licence-holding (and consequently the responsibility for passenger carriage) are in paratransit business owners' hands, the primary targets for engagement – and likely drivers of change – would be these owners.

In relation to feeder-distributor operations the need for operator associations as internal regulators would remain. Associations have shown themselves to be capable of managing operator rotation, route allocation, and demand identification, so the need for these functions would not change. If the bulk of paratransit operations were to be contained within a local area, as would be the case with feeder-distributor services, there may well be benefits in a return to area or radius-based licensing with operator associations being the central managers. The potential of these associations to play a more formal regulatory role through their becoming area-based franchise-holders (considered in Chapter 2) is worthy of further investigation. This would require associations corporatising to the extent that they can enter into franchise agreements with the local municipalities, but this may be too ambitious a target to be achieved in the short term.

## **6.4 SUMMARY AND CONCLUSION: PARATRANSIT PARTICIPATION IN REFORM**

In this chapter I presented propositions that drew on the research presented in Chapters 2 to 5. These chapters respectively outlined alternative approaches to public transport reform, the approach to reforming public transport and incorporating paratransit in Cape Town in recent years, and paratransit operator respondents' business aspirations and views on reform.

I presented propositions in relation to the public sector's role in public transport reform in Cape Town. The first proposition was that reform implementation had been led by infrastructure construction rather than by the operator transformation process. Secondly, the reform approach demonstrated significant institutional capacity limitations. The third

proposition was that public sector political imperatives impacted on reform programme formulation and implementation. The last proposition was that there was scope for government to explore mechanisms of reform other than the implementation of BRT systems and the assimilation of paratransit in such systems.

Subsequent to public sector considerations I put forth propositions focussing on paratransit sector actors' roles in reform. The first was that a revised and extended vehicle recapitalisation programme was warranted and could make a positive impact on individual paratransit businesses. The next proposition was that operators associations were best placed to mediate between the public sector and paratransit business interests in engagement processes around reform. Thirdly, the paratransit operators' detailed knowledge of local operating conditions was an underutilised but valuable resource in planning reformed public transport systems.

The last part of this chapter presented propositions around the prospects of the current reform approach in Cape Town. The first proposition was that the first MyCiTi project phase demonstrated that the BRT-led reform approach did not meet initial expectations that it could resolve numerous challenges faced by Cape Town's public transport system. The second proposition was that further MyCiTi project phases would necessarily have to shift away from a reliance on BRT-led reform. Lastly, the reform process in Cape Town would result in a hybrid outcome. Certain paratransit businesses would likely be absorbed in the scheduled and subsidised services fold, though the majority of paratransit operations would continue in their present format.

As per the case study strategy that I followed (described in Chapter 1), the propositions that I presented in this chapter serve as a starting point for exploring a revised approach to reform in the Cape Town case, but can also be tested in further case study research on public transport reform processes that involve the participation of paratransit operators. In Chapter 7, the concluding chapter of this thesis, I reflect on considerations for such further study. I also return to the research aims, and on how the propositions – and the research that I conducted to generate these propositions – served as response to these aims.



## **7 CONCLUSION**

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The conclusion contains three parts. The first part describes ways in which the research responded to the research aims and questions, and the key contributions that the research makes. This chapter then focuses on ways in which the propositions from Chapter 6 could be generalised through further research. The second part discusses the implications of the research specifically in relation to public transport reform in other cities in South Africa, while the last part of the chapter presents pertinent considerations for further and broader study.

### **7.1 RESPONSE TO RESEARCH AIMS AND RESEARCH CONTRIBUTION**

In the preceding chapters of this thesis I presented a detailed case study of public transport reform in Cape Town and of paratransit operators' limited participation in such reform. Two reform programmes have been developed by the national government since the transition to democracy in 1994. A Taxi Recapitalisation Programme (TRP), launched in 1999, aimed to assist operators across the country to replace ailing vehicles and has achieved some success in renewing the fleet of paratransit-owned minibuses. With national funding support a more recent programme at municipal level has been to install a high-specification BRT system and to incorporate and replace existing road-based public transport services into the resulting Integrated Public Transport Network (IPTN) in a geographically phased manner. This programme has seen resistance, at times violent, from the paratransit sector, and in the years since its introduction in 2007 only a small portion of Cape Town's paratransit businesses have been absorbed in the new system.

Though a strong argument exists for public transport reform in this city and for drawing paratransit operators in on such reforms, as outlined in Chapter 1, reasons for their limited participation particularly in the creation of the IPTN have been poorly studied. If paratransit operators' views on the reform programmes and the business needs and aspirations were documented, it could provide insight both into the slow progress with reform and how such reform might better incentivise their participation. Prior research engaging directly with paratransit operators in South African cities on their views on business and reform has been very limited, and has focussed predominantly on the TRP. One commonality in the TRP-focussed literature is that method descriptions tend to be very limited or are absent altogether. This undermines attempts to replicate the research, and also does not provide a basis for

comparing the successes and failures of any particular approach to engage this hard-to-reach research population. Also, despite the bulk of this body of literature arising out of academic research, its general lack of engagement with theoretical literature on public transport reform, methodological debates, or with precedent of similar studies is problematic. There is a body of literature documenting the implementation of IPTNs in a number of cities in South Africa, but despite links that this literature makes between slow progress on IPTN implementation and resistance from paratransit operators, these operators are not cited as a primary source of information. Operators' underlying motivations for resisting change or their aspirations for their businesses are thus obscure. A significant gap in this literature is that there are no reports available or in open circulation that detail processes through which paratransit operators have been incorporated into IPTNs in any city in South Africa. There is also no central repository of government reports on public transport reform implementation.

Against this background my research made two original contributions to knowledge. These contributions respond to the research aims. The first contribution is the first-hand insight into the business needs and aspirations of paratransit operators, as well as into their attitudes towards public transport reform, that the interviews that I conducted with paratransit operators in Cape Town afforded, as presented in Chapter 5. The second original contribution of my research is the detailed chronological account of the process that the municipality followed in incorporating paratransit operators in its MyCiTi system. This is documented in Chapter 3. However, my research also addressed the gaps in current knowledge and in research practice on public transport reform and paratransit participation in such reform in South Africa that I referred to above. At the outset my research engaged critically with the theoretical literature on public transport reform and on international cases of reform involving paratransit. This is the subject of Chapter 2. I also describe in detail the method that I followed in conducting the interviews with paratransit operators, in particular noting the process through which I gained access to operators. Chapter 4 contains this method description.

By reflecting on the alternative approaches to public transport reform discussed in Chapter 2 and drawing on the evolution and implementation of public transport reform in Cape Town from Chapter 3, I answered the first research question on the approach the government followed in incorporating paratransit operators in reform. IPTN implementation in Cape Town was led by BRT construction, and operators were not consulted in the planning phases

of the MyCiTi project. There was also very little evidence of engagement between government and paratransit interests in formulating the national strategy that underpinned IPTN implementation. It was only once detailed negotiations with operators commenced around their assimilation into BRT operations that they could start inserting their voice in the reform process. The TRP followed a different approach: in practice it was an *in situ* improvement programme. This reform programme resulted from the NTTT's recommendations that were made in 1995 and the subsequent *Moving South Africa* process. The NTTT drew directly on the views of many paratransit operators and representative bodies across the country, and thus the TRP can lay claim to being consultative.

The outcomes of the qualitative interviews presented in Chapter 5 responded to the second research question on how paratransit operators' needs and aspirations around their businesses related to the current approach to public transport reform. Respondents were proud of their businesses and wanted to improve the viability of their services, but their view was that public authorities were either not offering support or that such support by way of the reform programmes did not meet their needs. Though there were respondents who saw benefit particularly in being incorporated in the IPTN, they were distrustful of government's motivations and were concerned about not having been consulted in the formulation of the BRT-led approach to reform. This was a significant obstacle to respondents' participation in reform. Some respondents had, however, been involved in internal attempts to better organise their operations and bolster their finances. This suggested that appropriately framed reforms that responded more closely to operators' needs and aspirations might be more positively received than the reform programmes in their current format.

Chapter 6 presented propositions that answered the last research question on ways in which the current reform approach might be adjusted to secure greater participation from paratransit operators. Public sector capacity limitations suggested that the current IPTN implementation process's concurrent focus on multiple dimensions of reform is problematic; paratransit reform might be best served by focusing on the operator transformation process as the priority, rather than on infrastructure construction. The first MyCiTi project phase also demonstrated that the BRT-led reform approach did not meet initial expectations that would be a panacea for public transport in Cape Town. Further MyCiTi project phases would benefit from a lesser reliance on BRT-led reform. The reform process in Cape Town is furthermore likely to result in a hybrid system, where certain paratransit businesses would be

absorbed in the ITPN, but the majority of paratransit operations would continue in their present format. A revised and extended TRP providing greater financial and business planning support could make a positive impact the services that this latter group of operators provides.

## **7.2 IMPLICATIONS FOR PUBLIC TRANSPORT REFORM IN SOUTH AFRICA**

In proceeding with revisions to the current reform programmes government should draw on its strengths. These strengths have been demonstrated in the implementation of the reform strategy to lie in the infrastructure funding and provision arenas, and more broadly to be the driving force behind public transport reform. There is sufficient motivation for the need for operational, regulatory and institutional reform, but the evidence suggests that the present strategy has obvious shortcomings. In other words, it should not be automatically assumed that government is best placed to dictate the format of reform along all these axes. Conversely, a limiting factor on the side of paratransit operators – emerging strongly during the interviews and in the media – is that their views on reform are often reactionary. Their capacity to propose high-level alternatives to their present business model is also limited. The public sector can play a catalytic role by stimulating and informing discussion around operational, regulatory and institutional options for reform, and then formulate the outcomes of such engagement into an appropriate infrastructural response. The public sector furthermore has the resources to investigate the fit of alternative modal technologies within the relevant regulatory structures and to assess travel needs at the city scale. In view of these strengths local government can play an important role in identifying key demand patterns, providing infrastructure that would facilitate these movements, and supporting shifts towards more efficient vehicle sizing and utilisation. The way in which this infrastructure should be utilised should, however, be done in close collaboration with operators, who have detailed operating knowledge. The experience with Nelson Mandela Bay’s IPTN illustrates what can emerge from such engagement, but also what the risk factors are.

Paratransit operators who have of their own accord corporatised or embarked on joint ventures to explore operational alternatives demonstrate aspirations that align with the present aims of the reform strategy. Larger businesses have greater access to capital (placing them in a better position to change the composition of their vehicle fleets) and greater revenue (allowing more stable labour relations to emerge) to the extent that they may

increasingly become viable entities to enter into public transport service contracts. Such internal business evolution disturbs vested interests, which may have been a factor in limiting their prevalence. These large paratransit businesses undermine the dominance of the route association as the *de facto* regulator of individual operators, but are also a direct threat to the market niche of established scheduled bus operators. However, the phenomenon of larger paratransit businesses is unlikely to rival that of present bus operating companies, as the distrust between operators, even those belonging to the same association, runs strongly. Without outside financial incentives they are unlikely to grow beyond collectives of more than a handful of individual operators. Nonetheless, where conditions of trust exist, for example through kinship or longstanding acquaintance as is already evident, and where even a small number of individual operators combine economic forces, these businesses may in fact represent fleet sizes of dozens of minibuses. A reframed public transport reform strategy would do well to recognise these near-contracting size entities, which would require a significantly shorter path to become formal vehicle operating companies than has been the case in the present approach to reform. This path would have much in common with the stepped transition process (as contemplated in Chapter 2).

In reviewing the approach to public transport reform there is perhaps a key public sector role that should not be overlooked – a role for which officials in the Johannesburg and Cape Town municipalities are uniquely equipped. Through their involvement in the first phase IPTN industry transition negotiations, municipal officials have had access to and insight into the pre-transformation finances and internal arrangements of paratransit operators and associations. They have also developed skills and increased local government capacity to:

- be partners in the overall operator transition process;
- understand and manage the costs and organisational challenges of establishing the new corporate structures;
- resolve limitations in the existing operating licensing system (especially in relation to dormant and inactive licenses, as discussed in section 3.2); and
- negotiate and conclude vehicle operating agreements that were new to the local context (i.e. gross cost contracts).

Arguably the only function that local government is involved in (as per Table 1-1 in Chapter 1) that has not seen direct capacity growth as a result of the transition process has been in law enforcement. Such capacity would be necessary to ensure compliance to the reformed regulatory regime.

The experience of these officials, and the financial and organisational information that they have gained, are of enormous value. By drawing on the knowledge of these individuals, government agencies and researchers can populate and compare proposals for reform alternatives with actual financial information from existing operations, but also gain additional insight into the acceptability and ‘implementability’ of proposed alternatives from an institutional perspective. The actual transition costs of paratransit operators becoming full BRT vehicle operating companies, as well as the costs of electronic fare collection systems in the IPTNs as implemented, would furthermore serve as a base against which to compare alternative reform mechanisms.

Despite the beneficial outcomes achieved so far in Cape Town, engagement between the municipality and paratransit has been a time-consuming, intensive and at times volatile process, and the effort and commitment required to engage paratransit around reform in future should not be underestimated. It is likely to remain difficult to gain access to paratransit operators and associations, who in essence constitute a closed community that has managed to develop a sector of the public transport market largely on its own initiative and often in spite of government initiatives to prevent its expansion. Government and private sector players may well continue to be seen as outsiders attempting to meddle in paratransit’s affairs, and gaining the trust of operators would require sustained effort to overcome such perceptions.

One of the key ways in which more trusting relationships have been established around the negotiating table has been to employ intermediaries between the municipality and paratransit who have a track record with actors within the paratransit hierarchy, but who also have credibility in the public authority’s eyes. Experience has shown that there are few people who can play such an intermediary role, which is not surprising. Public transport service reform on the scale of the PTS programme has been unprecedented, and was initiated relatively recently. There has not been a long history of training and development in, and exposure of existing professionals and officials to, this particular field. As a consequence there is little established expertise with sufficiently grounded knowledge of local conditions. This may

potentially be an area where increased investment in human capital may be critical as the scope of engagement in the second MyCiTi phase grows beyond the express service to involve a much larger number of stakeholders than has been the case to date.

Questions around the appropriateness and feasibility of the national Public Transport Strategy remain, as do concerns about how this national focus is translated to local impact. How can the national strategy be reframed to more closely respond to operators' needs and aspirations, national fiscal and institutional limitations, and the challenges that municipalities have encountered to date in the implementation of the national policy? Here the national government will have to take the lead, but in what way and with which part of the paratransit sector? Broadly speaking there are two potential pathways for engaging paratransit: aggregated or disaggregated. The research suggests that SANTACO is not broadly representative or inherently trusted, and thus is not the shared access point between government and operators that it was intended to be.

While aggregated engagement naturally would hold appeal due to its apparently simpler process and lesser draw on time and financial resources, it does not lend itself to gaining deeper, contextually-grounded insight, and would most likely fail in the face of the fragmented nature of paratransit interests and capital and the absence of effective collective representation. Disaggregated engagement would necessarily involve a more localised focus, albeit spread across a number of locales. Such a process would have much in common with the NTTTT's process, which was nationally led, but had a strong local focus by way of its city-/town-based hearings. The NTTTT process impacted positively on passengers and operators, for example through the TRP's vehicle replacement component and the establishment of a legislative and regulatory framework overtly recognising paratransit. However, it had its limitations in terms of stimulating operator corporatisation and it entrenched associations in their *de facto* regulatory role. Moreover, the appetite and capacity of the DoT to replicate the NTTTT process is doubtful.

What seems to remain a constant is that the drivers of change, and thus key parties to be engaged, are associations and the more influential operators within those associations. However, rather than directing engagement around a reframed reform proposal through the paratransit hierarchy, marred by factionalism and inefficiency, the national government could gain much through engaging the services of city officials who have the local expertise and who have been able to develop channels of communication with local paratransit interests.

From a public sector perspective city authorities and individuals within these local structures are the drivers of, and intellectual capital behind, public transport reform. A national programme should limit itself to capturing the broad aims of public transport reform rather than suggesting a particular modal technology, and should provide reliable financial resources to achieve such aims. This would do much to facilitate the task of local government actors to develop contextually appropriate responses to public transport improvement and to effectively engage paratransit operators.

### **7.3 TRANSFERABILITY AND OTHER CONSIDERATIONS FOR FURTHER RESEARCH**

Searching for a perfect-fit reform approach that, when implemented, addresses all possible problems and concerns would be futile. This is especially true in a multi-participant situation where perceived and actual needs may diverge greatly. The reform approach – in the case of this thesis, the approach to public transport and paratransit reform – is at best a compromise that attempts to meet some of the many needs and interests of involved and affected parties, and often may achieve something very different from that which was initially envisaged. Reforms are not, however, developed in a vacuum. There is often a history of trial and error in implementing reforms. In this thesis I presented one case of reform implementation, in the hopes that it could inform public transport reforms, and research on such reform, in other cases.

The propositions that I drew from the Cape Town case can serve to guide such further efforts. Drawing on these propositions, and on my research that allowed these propositions to be generated, I would like to highlight the following key points for consideration in further study, as well as for those involved in reform in practice, beyond Cape Town and South Africa:

- With regard to alternative mechanisms to stimulate reform, investigations should explore all axes of reform to look beyond technology-specific considerations such as BRT, light rail or underground rail. *In situ* upgrades to existing modes should be considered as a potentially feasible path, especially where funds are scarce. These upgrades could also be limited to improving labour relations and working conditions, which might be challenging to negotiate but likely more affordable than infrastructural or operational investments.



- It would be unusual for there not to be significant vested interests in the public transport system, whether in the form of individual government officials, public agencies, operators, unions, or commercial entities with a stake in the system. Before deciding on a reform approach consider likely responses from these interests and what the incentives could be that might spur change. In other words, foreshadow the outcomes of an operator transition process.
- Operators have the potential to create widespread disruption whether through strikes or violent backlashes. Though the public sector should not pander to the every demand of operators, operators' day-to-day role in the existing public transport system should at the very least be acknowledged and their desire to participate in reform processes not assumed to be automatic.
- Consider the scale of reform as a function of institutional capacity, in particular human resources and finances. Can the involved public sector agencies manage and fund a reform process that involves concurrent changes to infrastructure, competition regulation, ownership structures and the format of public transport services? If operators' buy-in is not guaranteed, engagement with operators becomes a project stream in its own right and one that requires skilled management.
- The sustained presence of one or a group of like-minded politicians may carry a longer-term reform project to fruition, but political leaders may also place the support of an electorate or loyalty to a party above technical project considerations. Reform programmes should be packaged in a way that both these aspects – successful implementation and political survival – can be accommodated. Dividing a project into phases or components that mirror the political life cycle is one way of doing so. Ensuring that reforms have tangible aspects – for example, a new piece of infrastructure or new vehicle fleets – could be another way.

The above are suggestions where transferability could be investigated or tested in practice. However, as the review of international cases in Chapter 2 and the findings in the Cape Town case in Chapter 6 showed, there is no single action or set of actions that is guaranteed to secure paratransit participation in reform. Though some cases might appear to have followed the same reform approach or have similar geographic, institutional or socioeconomic contexts when viewed superficially, in practice reform trajectories and outcomes vary widely. There is

no substitute for a firm grounding in the particular local technical and social complexity that constitutes the public transport system in any one city or area.

The reform alternatives that are explored, and the ultimate mechanism or mix of mechanisms decided upon, would depend, amongst other factors, on where the greatest needs lie and the financial resources that are available to address these needs. The location of the balance of power amongst the vested interests in the public transport arena would also differ from place to place, as would the incentive that would trigger operator participation. Paratransit is likely to hold a major interest in public transport reform in Sub-Saharan African cities and in other developing regions, though the incentives to reform may be very different from city to city and region to region. Institutional capacity and political decision-making structures that underpin a reform endeavour are equally variable, and would require a local investigation firstly of what these capacities and structures are, and secondly how these could work hand-in-hand with the approach to reform. A public transport reform approach drawing both on the experience in other cases and on context-specific knowledge should increase the chances of ensuring a good, if not perfect, fit between the aims of reform and the needs and aspirations of operators on which such reform is focussed.

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## **APPENDIX A: ASSOCIATIONS BY MYCITI PROJECT PHASE**

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The spreadsheet of operator associations in Cape Town is provided in electronic format. The data records in this spreadsheet are the names of each association. The data fields are the number of associations, the regions of the city in which each association is located, the number of associations in that region, the acronym of the association, the full name of the association, and the MyCiTi project phase in which each association fall. The data records are colour coded to the map of the MyCiTi project phases (Figure 1-1).

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## **APPENDIX B: PILOT INTERVIEW SCHEDULE**

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## INTERVIEW INTRODUCTION

### Background

- appropriateness of current public transport reform model in resource and capacity-constrained context
- necessity of replacing ITP/TRP as a regulatory model, if these models' strengths and weaknesses are not clearly understood
- lack of structured engagement with paratransit associations and operators around the design of the ITP/TRP and IRTPN ownership and competition regulation models
- gap in existing knowledge: paratransit associations' and operators' business needs and aspirations

### Objectives of the interview process

- gain insight into the responsiveness of the current ITP/TRP ownership and competition regulation model to paratransit associations' and operators' business needs and aspirations
- gain insight into the responsiveness of the ownership and competition regulation model proposed under the IPTN reform policy to paratransit associations' and operators' business needs and aspirations
- if these models are not responsive unearth information that can allow recommendations to be made on how the reform policy can be adjusted to be more responsive
- test semi-structured interviews as a method for engaging paratransit associations and operators

### Interview introduction

- The purpose of the interview is to understand the minibus-taxi association's or operator's business needs and aspirations
- The research is independent of any government agency or private business
- All notes and data are collected as part of a research project at the University of Cape Town
- All personal details will be kept strictly confidential

## INTERVIEW SCHEDULE: MINIBUS-TAXI ASSOCIATIONS

	<i>Question/topic</i>	<i>Prompts</i>	<i>Purpose</i>	<i>Commentary on ...</i>
<b>A</b>	<b>Context: “Tell me about the association...”</b>			
A1	What is the role of the interview respondent(s) in the association?	Chairman Board member(s) Other?	Hierarchy in decision-making Leadership structure	Reform policy: vested interest Aspirations: corporatisation
A2	How many board members does the association have?	Active Inactive	Ratio of board members to operators Decision-making complexity	Reform policy: engagement
A3	Do the persons representing the association own and run minibus-taxi operations?	Answered by each respondent	Understanding of members’ on-the-ground operational issues	Reform policy: engagement Diversity
A4	What business interests does the association have except operating minibus-taxis?	Spare parts Vehicle maintenance Financing Fuel supply Other interests	Relative importance of income stream derived from operations Capacity	Aspirations: corporatisation Needs: financial security Diversity
A5	How many members does the association have?	Licensed and unlicensed	Ratio of board members to operators	Aspirations: territory Regulation: internal Reform policy: vested interest Diversity
A6	How many routes do the association’s members operate?	Licensed and unlicensed	Market share in the city	Aspirations: territory Regulation: internal
A7	The association’s interaction with its members.	Operating licence applications Rotation of vehicles on routes Internal conflict management Interaction with other associations Membership fees Service on association board	Association’s business goals Aspirations towards corporatisation Need for active management of routes and members Management role and capacity Internal regulation	Regulation: internal and external Reform policy: vested interest
<b>B</b>	<b>Your minibus-taxi business</b>			
B1	Why do you think passengers use minibus-taxis?	Travel time Cost	Get respondent to think about service from external point of view	Reform policy: strengths of paratransit

		Comfort Flexibility Captive to mode		
B2	What do you think would make the minibus-taxi industry more successful?	Dedicated road space Improved competition regulation Improved law enforcement Larger vehicles Subsidy – capital or operational Representation structures Recognition	Reveal motivations and attitudes	Aspirations: general Needs: general Reform policy: relevance Regulation: relevance
B3	Do you think the Operating Licensing system works well?	Competition management Law enforcement Oversupply Profitability Application procedure	Flaws and strengths of current regulatory model	Aspirations: general Needs: general Reform policy: relevance Regulation: relevance
B4	Do you think the Taxi Recapitalisation Programme works well?	Vehicle scrapping allowance Financing deficit Application procedure Scrapping facilities Approved vehicles	Flaws and strengths of current regulatory model Impact of inefficiency in conversions on improving service to users Interaction with banks	Aspirations: general Needs: general Reform policy: relevance Regulation: relevance
B5	Have you heard of the IRT/MyCiTi/BRT system? Where did you hear about it?	Press/internet Word-of-mouth Representative structures City of Cape Town engagement Other	Engagement process and penetration Marketing efficacy	Reform policy: engagement
B6	Do you think the IRT/MyCiTi/BRT system offers a good business opportunity for your association?	Collective ownership Financial certainty Competition regulation Employment stability Long-term planning Scale of change	Inform association of reform policy contents Test attitude towards reform policy	Aspirations: general Needs: general Reform policy: engagement

## INTERVIEW SCHEDULE: MINIBUS-TAXI OPERATORS

	<i>Question/topic</i>	<i>Prompts</i>	<i>Purpose</i>	<i>Commentary on ...</i>
<b>C</b>	<b>Context: “Tell me about your minibus-taxi business...”</b>			
C1	How did you start in the minibus-taxi industry?	Timeline Up through ranks First job	Vested interest of operator Tenacity and survival	Diversity Aspirations: business development Reform policy: vested interest
C2	How many vehicles do you own and operate?	Minibus Sedan Other	Market share Business size	Aspirations: business growth Regulation: formalisation Reform policy: new/old fleet ratio Diversity
C3	Do you drive any vehicles yourself?	Full-time Part-time	Business type Day-to-day involvement	Needs: financial sustainability Aspirations: corporatisation Diversity
C4	On how many routes do your vehicles operate?	Routes' location in city	Market share Degree of formality	Reform policy: fragmentation
C5	How many operating licences or permits do you have?	In service at present Dormant	Market share Degree of formality	Diversity Regulation: scale of operations
C6	Do you keep a record of your minibus-taxi business's income and expenses?	Fares Fuel Wages Repairs	Business formality Accounting practices Profitability concern	Aspirations: corporatisation Reform policy: capacity Needs: business support
C7	Are your minibus-taxis your only source of income?	Minibus-taxi related business Other business	Relative importance of income stream derived from operations Capacity	Aspirations: corporatisation Needs: financial security Diversity
C8	The operator's interaction with his/her association.	Operating licence applications Rotation of vehicles on routes Internal conflict management Interaction with other associations Membership fees Involvement in management	Scale of internal regulation Cost of business Responsibilities	Regulation: internal and external Reform policy: vested interest

<b>D Policy and regulation: “Let’s discuss the minibus-taxi industry...”</b>				
	Why do you think passengers use minibus-taxis?	Travel time Cost Comfort Flexibility Captive to mode	Get respondent to think about service from external point of view	Reform policy: strengths of paratransit
D1	What do you think would make your minibus-taxi business more successful?	Dedicated road space Improved competition regulation Improved law enforcement Larger vehicles Subsidy – capital or operational Representation structures Recognition	Reveal motivations and attitudes	Aspirations: general Needs: general Reform policy: relevance Regulation: relevance
D2	Do you think the Operating Licensing system works well?	Competition management Law enforcement Oversupply Profitability Application procedure	Flaws and strengths of current regulatory model	Aspirations: general Needs: general Reform policy: relevance Regulation: relevance
D3	Do you think the Taxi Recapitalisation Programme works well?	Vehicle scrapping allowance Financing deficit Application procedure Scrapping facilities Approved vehicles	Flaws and strengths of current regulatory model Impact of inefficiency in conversions on improving service to users Interaction with banks	Aspirations: general Needs: general Reform policy: relevance Regulation: relevance
D4	Have you heard of the IRT/MyCiTi/BRT system? Where did you hear?	Press/internet Word-of-mouth Representative structures City of Cape Town engagement Other	Engagement process and penetration Marketing efficacy	Reform policy: engagement

D5	Do you think the IRT/MyCiTi/BRT system offers a good business opportunity for your business?	Collective ownership Financial certainty Competition regulation Employment stability Long-term planning Scale of change	Inform association of reform policy contents Test attitude towards reform policy	Aspirations: general Needs: general Reform policy: engagement
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## **APPENDIX C: INTRODUCTORY LETTER**

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Centre for Transport Studies**

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26 June 2013

Dear Sir/Madam

**RE: INTERVIEWS ON BUSINESS NEEDS AND ASPIRATIONS IN THE MINIBUS-TAXI SECTOR**

Herrie Schalekamp is a registered PhD student at the Centre for Transport Studies at the University of Cape Town. As part of his PhD research he is conducting interviews with operators, associations and representatives in the minibus-taxi industry in Cape Town to gain an understanding of business needs and aspirations in this industry.

His research is independent of any government agency or private business, and will comply with the research ethics of the UCT Faculty of Engineering and the Built Environment. Under these ethical standards he will ensure that the respondents being interviewed will be treated as anonymous, and that all responses will be used for academic and research purposes only.

Your assistance and/or participation in his research is greatly appreciated. Should you have any queries in relation to the above please feel free to contact me.

Yours faithfully,

A/Prof Roger Behrens  
Director: UCT Centre for Transport Studies

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## **APPENDIX D: MAIN INTERVIEW SCHEDULE**

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## INTERVIEW INTRODUCTION

1. The purpose of my research is to understand the minibus-taxi industry's business needs and aspirations
2. All notes and data are collected as part of my research at the University of Cape Town
3. My research is independent of any government agency or private business
4. The respondent will remain anonymous and personal details will not be linked to responses
5. The record of the interview will be my written notes and recording, where allowed by the respondent
6. If the respondent wants to add any responses after the interview is over they can contact me telephonically or by e-mail
7. The respondent is free to end the interview at any time
8. Do you agree that the interview can go ahead?
- 9.

## INTERVIEW SCHEDULE

	<i>Question/topic</i>	<i>Prompts</i>
<b>A</b>	<b>"Tell me about the association..."</b>	
A1	Which association does the respondent belong to?	Name of association
A2	What is the role of the interview respondent on the association's executive board?	Chairman Board member(s) Other?
A3	How many board members does the association have?	Active Inactive
A4	Do the persons representing the association own and run minibus-taxi operations?	Answered by each respondent
A5	What business interests does the association have except operating minibus-taxis?	Spare parts Vehicle maintenance Financing Fuel supply Other interests
A6	How many members does the association have?	Licensed and unlicensed
A7	How many routes do the association's members operate?	Licensed and unlicensed
A8	The association's interaction with its members.	Operating licence applications Rotation of vehicles on routes Internal conflict management Interaction with other associations Membership fees Service on association board
<b>B</b>	<b>Your minibus-taxi business</b>	
B1	How did you start in the minibus-taxi industry?	Up through ranks, first job
B2	How many vehicles do you own and run?	Minibus, sedan, other

B3	Do you drive any vehicles yourself?	Full-time, part-time
B4	On how many routes do your vehicles operate?	Routes' location in city
B5	How many operating licences or permits do you have?	In service at present Dormant
B6	Do you keep a record of your minibus-taxi business's income and expenses?	Fares, fuel, wages, repairs
B7	Are your minibus-taxis your only source of income?	Internal or external to industry
<b>C</b>	<b>The minibus-taxi industry</b>	
C1	Why do you think passengers use minibus-taxis?	Travel time, cost, comfort Captive to mode
C2	What do you think would make minibus-taxis more successful?	Dedicated road space Improved competition regulation Improved law enforcement Larger vehicles Subsidy – capital or operational Representation structures Recognition
C3	Do you think the Operating Licensing system works well?	Competition management Law enforcement Oversupply Profitability Application procedure
C4	Do you think the Taxi Recapitalisation Programme works well?	Vehicle scrapping allowance Financing deficit Application procedure Scrapping facilities Approved vehicles
<b>D</b>	<b>IRT/MyCITI/BRT system</b>	
D1	Have you heard of the IRT/MyCiTi/BRT system? Where did you hear?	Press/internet, word-of-mouth Representative structures City of Cape Town engagement
D2	Do you think the IRT/MyCiTi/BRT system offers a good business opportunity for your business?	Collective ownership Financial certainty Competition regulation Employment stability Long-term planning Scale of change

## **APPENDIX E: INTERVIEW NOTES EXAMPLE**

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- <sup>R3</sup> what caused MBT to pull through was support from the community - MBTs went where people wanted to
- <sup>R2</sup> "Taxi industry is the only industry that is completely owned by black people"
- <sup>R2</sup> "our businesses were not supported by the previous govt, and it is not being supported by the present govt"
- <sup>R2</sup> banking industry is exploiting taxi operators through inflated costs + fees when purchasing vehicles
- <sup>R1</sup> employs many people, second only to agriculture, surpassed mining → in western Cape only
- <sup>R1</sup> as benefit granted under prev. govt was granting of indet. business
- <sup>R1</sup> SARTA was better than private-day MATAZ in terms of managing the industry - corrupt individuals
- <sup>H</sup> there is no law protecting MBT operators

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## **APPENDIX F: INTERVIEW RECORDS**

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## INTERVIEW RECORD

<i>Code:</i>	TA1
<i>Date:</i>	12 July 2011
<i>Venue:</i>	Civic Centre
<i>MyCiTi</i>	2
<i>Phase:</i>	

### Personal observations

Respondents were from the outset receptive to being interviewed; were not suspicious of my motivations

At the end of the interview respondents wanted to know whether my research results would reach decision-makers in the government hierarchy; they had previously been exposed to researchers/officials asking about their businesses and had not seen any positive impact of those studies; I spent some time at the end of the interview addressing this concern by explaining how my research results would be disseminated; the respondents did not seem convinced that my work would benefit them, but this did not seem to have detracted from their participation in the interview

Respondents appeared to be timid (daunted by the big unknown of the reform process?)

The mechanical questions-and-answer format didn't work well (i.e. to ask a question and wait for an answer as per my interview schedule); the more insightful parts of the interview were when respondents were talking with minimal prompts from me

### Interview record

- In order to serve on the association board a board member has to be a paratransit operator
- Three respondents arrived for the interview
- Respondents appeared very keen to hear about the details of IRT corporatisation; didn't have access to information through other channels
- R2: "A taxi cannot compete with those [IRT] buses"
- R2: fares in TA1 area are kept low to attract passengers; appears that respondents are undermining their own income by doing so
- R2: "In [TA1 area] we are the type of people who want to progress"
- Respondent appeared willing to accept change if the scope of change is presented understandably
- R1's children not interested in entering the paratransit business
- They do not want empty promises or hear that funds have run out; distrust government assurances due to broken promises in the past [TRP-related]
- Disgruntlement around procurement of TRP vehicles - reason unclear
- Respondents wanted my research to make a difference, and asked for an explanation of how my research will be applied
- Respondents did not want other operators/associations to know that they had spoken to me; I reassured them that each interview would be run without mention of previous interview responses or respondents' details; this was satisfactory.
- Capacity building aspect of interviews may be key – operators really seems hungry for information and advice on how to earn a better living
- Respondents were concerned that people higher up the paratransit hierarchy are preventing information to flow down and are trying to enrich themselves only

	<i>Question/topic</i>	<i>Prompts</i>	<i>Response</i>
A1	What is the role of the interview respondent(s) in the association?	Chairman Board member(s) Other?	R1: Vice-chairman R2: Board member R3: Board member
A2	What business interests does the association have except operating minibus-taxis?	Spare parts Vehicle maintenance Financing Fuel supply Other interests	None
B1	How did you start in the minibus-taxi industry?	Timeline Up through ranks First job	R1: inherited business from father R2 & R3: bought minibuses after finishing school and became driver operators R3: was mechanic on taxis and saved up to buy a minibus
B2	How many vehicles do you own and operate?	Minibus Sedan Other	(R2 had to leave interview at this point in the interview) R1: 2 minibuses R3: 2 minibuses
B3	Do you drive any vehicles yourself?	Full-time Part-time	Used to but not any more
B4	How many operating licences or permits do you have?	In service at present Dormant	All vehicles have operating licences
B5	Do you keep a record of your minibus-taxi business's income and expenses?	Fares Fuel Wages Repairs	No Respondents acknowledged that this is a weakness in their management of their businesses
B6	Are your minibus-taxis your only source of income?	Minibus-taxi related business Other business	Yes Long distance trips are made to increase income in order to increase income to be able to afford post-recap vehicle instalments

C1	Why do you think passengers use minibus-taxis?	Travel time Cost Comfort Flexibility Captive to mode	Quicker and safer than buses and trains Cheaper than single fares on buses, especially in peak hours
C2	What do you think would make your minibus-taxi business more successful?	Dedicated road space Improved competition regulation Improved law enforcement Larger vehicles Subsidy – capital or operational Representation structures Recognition	Subsidisation: historic lack of subsidisation makes respondents feel left behind and unable to grow their businesses Eradicate discrimination: “this business of the taxi is for the coloured and the blacks”; belief that if white people were running paratransit businesses these white operators would receive preferential treatment from government Information: lack of information such as on the business opportunities offered by IRT “The Western Cape is an oppressed province” Fines and vehicle licence application fees are seen to be very expensive; fines are imposed twice for one offence – once for driver, once for OL infringement Larger vehicles are seen as undesirable as they are expensive, and disembarkation and embarkation take longer – passengers see this as a drawback and opt to use smaller vehicles
C3	Do you think the Operating Licensing system works well?	Competition management Law enforcement Oversupply Profitability Application procedure	OL and additional permission application fees are expensive, with extraordinarily large increases taking effect in 2010 – reason behind increases not explained, no consultation by OLB Competition is not seen to be a problem



C4	Do you think the Taxi Recapitalisation Programme works well?	Vehicle scrapping allowance Financing deficit Application procedure Scrapping facilities Approved vehicles	Funding gap to get a new Quantum vehicle R11 000 monthly instalment difficult to afford SA Taxi Finance charges high interest rates Vehicles are often repossessed Scrapping allowance not enough Old Hiace Siyaya is still a firm favourite due to reliability Maintenance costs of new vehicles an important consideration: Toyotas seen as reliable and parts easy to get hold of; Chinese imports require frequent maintenance and parts not readily available Lack of consultation on approved vehicle range
C5	Have you heard of the IRT/MyCiTi/BRT system? Where did you hear?	Press/internet Word-of-mouth Representative structures City of Cape Town engagement Other	Through SANTACO, CATA, CODETA, and other associations around 2007 after SANTACO trip to Bogota
C6	Do you think the IRT/MyCiTi/BRT system offers a good business opportunity for your business?	Collective ownership Financial certainty Competition regulation Employment stability Long-term planning Scale of change	Financial stability of long-term contracts would be a benefit, especially for operators nearing retirement age Do not want to leave the industry, but willing to change manner of operations Concerned that there may not be enough space for all operators in new regime

## INTERVIEW RECORD

<i>Code:</i>	TA2
<i>Date:</i>	14 February 2012
<i>Venue:</i>	TA offices
<i>MyCiTi</i>	2
<i>Phase:</i>	

### Personal observations

I was made to feel welcome upon arrival; besides some crass jokes prior to starting the interview the respondents' attitudes were generally professional, as was the setup of their office

Respondents were keen to provide information; R2 handed me a business proposal that had been put to, but rejected by, the local government; I was cordially invited to follow up after the interview at any time

After providing the introduction to my research (as per introduction sheet) there was not a lengthy discussion about my motivations or how my data would be used; I was surprised by the lack of suspicion of my research aims

### Interview record

- Respondents felt that where industry comes from should be captured and better understood; Apartheid played a significant role in the history of the industry
- Concern around CCT and TransPeninsula [IRT operating/airport/World Cup] agreement
- "IRT should belong to the people"; respondents expressed a concern that there was insufficient engagement with industry around the IRT plan; that feeder role inside suburbs shouldn't be overlooked as the focus appeared to be mainly on trunk routes; respondents wanted to know how Phase 2 is being planned.
- There was concern around the allocation of subsidy to buses
- R1 wanted to be able to use larger vehicles, ideally 35-seaters, for greater efficiency
- Respondents wanted to be assured that they would be better off under the future [IRT] dispensation
- R1: Operators "own routes", while CCT owns infrastructure
- R1 believed that TransPeninsula's Tap-I-Fare smart card was a positive development
- R1 wanted taxi associations in TA2 area to be part of ownership of IRT
- R1 in terms of IRT: "[TA2 area] will be a hard one to crack"
- R1: started in industry as a gaardjie ("sliding door engineer") > driver > illegal owner > legal owner > executive of association > national executive of SANTACO, removed end 2010 > now on executive of association; spent 10 years working in German-owned printing business while being a taxi owner on the side, gained experience in running a business
- Started a self-owned [holdings] company under which he bought 7 Toyota Quantums on hire purchase
- Line fees are used to support [subsidise...] the association's members and executives, amongst other ways to help with purchasing new vehicles [line fees are charged on each vehicle's departure from the rank, and also covers rank management overhead fees]
- R1: "we can proudly say that we are living from this [MBT] business"
- R1: wants to become training officer for the province [to assist MBT owners to improve their business skills and to assist with driver skills training]

- The association earns rank fees exceeding R600 000 per month
- R1: “I’ve lost almost 50+ drivers and sliding door engineers”; tired of this situation: “if the government comes to us with a reasonable offer we will accept it; we want to retire”; gangsterism is a big problem in the area and leadership is preventing gangsters joining the association
- R1: “I am very sentimental – I don’t want government to steamroller operators”; likened IRT process to District Six forced removals
- Rank managers, and by extension the association, keeps record of passengers numbers per vehicle and vehicle trips – can value each members’ business should government require it
- TRP is not working: operators can’t afford to maintain vehicles properly, scrapping allowance is insufficient and is not tracking inflation, scrapping allowance was more feasible at first for then approved Toyota Siyaya (operators only had to fund R60 000 after R50 000 allowance was received)
- Association operates 1000 taxis from MP rank on 40 routes
- World Cup exposed many white people to the minibus taxi industry during park and ride trips
- When asked why the industry was not consolidating into companies, R1 and R2 replied that it was due to a lack of “intellect” and “in-fighting”; R1: It’s going to take another 30 years for them [taxi owners in general] to see the bigger picture” [essential role that training could play]
- Customer care is seen as a key area in which training is required.
- R1 doesn’t want second round of IRT 12-year contracts [after first round of negotiated 12-year contracts] to be open to tender – foreign operators unwelcome
- Greed in MBT industry is a big problem – leads to overtrading and violence; in TA2 area and Khayelitsha the old guard is still in charge, which moderates overtrading
- R1: “we want to stay in the industry until death do us part” [contradicts previous R1 statement that he wants to retire from the industry]
- R2: started in industry when he was 28 years old; incarcerated for over a year because of operating illegally (See Traffic Act of 1977, section 74, subsection 34)
- R1 owns 2 minibuses in personal capacity and further 10 minibuses through his holding company; R2 owns 10 vehicles through his holding company.
- R2 is keen to be incorporated in the IRT proposal, but they are being “coerced” into IRT
- Both visited Bogota after 2008 failed Ratanga IRT meeting; did not hear from Bogota’s paratransit operators about their experience of the reform process – only saw glossy side
- The City must respect the local industry’s knowledge; unhappy about the amount of money that is going to consultants
- There is insufficient information around IRT filtering to the MBT industry, and the language that is being used is not understandable
- R2: X is keeping information close to his chest”
- Phase 2 cannot be infrastructure-led
- R2: “when you [consultants and officials] negotiate [around IRT] here [in TA2 area] you talk to me” [wants to be engaged directly, not through intermediaries]
- Respondents first heard of BRT through Klipfontein Corridor project ±2004, went to Bogota on a study trip [KC was similar to IRT in terms of trunk-and-feeder operations and operator formalisation]
- Respondent involved in George Mobility Strategy their official capacities in SANTACO after KC collapsed; when they were ousted from SANTACO involvement in GMS ceased. Through their involvement in SANTACO they first heard of IRT
- [Rank managers are a rich source of information on operations of MBTs]

- R2: “They’re keeping us in our old shoes” [government is not providing opportunities for MBT industry to improve itself]; government is failing to recognise MBT industry

	<i>Question/topic</i>	<i>Prompts</i>	<i>Response</i>
A1	What is the role of the interview respondent(s) in the association?	Chairman Board member(s) Other?	R1: chairman; formerly on SANTACO national executive R2: board member; formerly on SANTACO national executive
A2	What business interests does the association have except operating minibus-taxis?	Spare parts Vehicle maintenance Financing Fuel supply Other interests	Rank management; inter-association coordination [not explored further]
B1	How did you start in the minibus-taxi industry?	Timeline Up through ranks First job	R1 & R2: Sliding door operator > driver > owner > board executive
B2	How many vehicles do you own and operate?	Minibus Sedan Other	R1: 2 minibuses in personal capacity, 10 minibuses in holdings company R2: 10 minibuses in holdings company
B3	Do you drive any vehicles yourself?	Full-time Part-time	No
B4	How many operating licences or permits do you have?	In service at present Dormant	
B5	Do you keep a record of your minibus-taxi business's income and expenses?	Fares Fuel Wages Repairs	R1: yes [R2 temporarily left interview]
B6	Are your minibus-taxis your only source of income?	Minibus-taxi related business Other business	
C1	Why do you think passengers use minibus-taxis?	Travel time Cost Comfort Flexibility Captive to mode	Flexibility Feeder service function

C2	What do you think would make your minibus-taxi business more successful?	Dedicated road space Improved competition regulation Improved law enforcement Larger vehicles Subsidy – capital or operational Representation structures Recognition	R1: Larger vehicles – more cost effective and reduces traffic R1 & R2 Access to capital and operational subsidy R2: Recognition Improved engagement between CCT officials, national government, MBT associations and members
C3	Do you think the Operating Licensing system works well?	Competition management Law enforcement Oversupply Profitability Application procedure	Oversupply and related violence problematic
C4	Do you think the Taxi Recapitalisation Programme works well?	Vehicle scrapping allowance Financing deficit Application procedure Scrapping facilities Approved vehicles	Scrapping allowance may have covered around 40% of vehicle purchase cost when TRP introduced, but has not kept up with inflation Small operators struggle to finance deficit after subsidy
C5	Have you heard of the IRT/MyCiTi/BRT system? Where did you hear?	Press/internet Word-of-mouth Representative structures City of Cape Town engagement Other	R1 & R2: IRT: through involvement in SANTACO BRT: through involvement in Klipfontein Corridor
C6	Do you think the IRT/MyCiTi/BRT system offers a good business opportunity for your business?	Collective ownership Financial certainty Competition regulation Employment stability Long-term planning Scale of change	R1 & R2: Keen to be involved, but officials should draw more on MBT industry's knowledge of local (i.e. TA2 area) operating, social and urban conditions Fear of being sidelined, in both current and future long-term IRT contracting regimes Will be difficult to penetrate TA2 region – gangsterism, in-fighting

## INTERVIEW RECORD

<i>Code:</i>	TA3
<i>Date:</i>	16 February 2012
<i>Venue:</i>	Civic Centre
<i>MyCiTi</i>	2
<i>Phase:</i>	

### Personal observations

After being introduced to the respondents by TB I provided the interview introduction; upon asking whether the interview could proceed there was an uncomfortable silence; the respondents appeared suspicious of my credibility and R2 asked how my data would be used; I spent some time assuring them of anonymity, that I was independent of any government and private entity and that one my key aims was to tell the story of paratransit to the public at large; I still felt at this point that there was a large chance that the interview would not proceed; when I mentioned that I had published in Mobility Magazine and that I was planning further opinion pieces in Mobility and local newspapers R2 mentioned that he had read Mobility; from this point onwards the respondents became much more open and the interview proceeded smoothly

My interpretation is that I had to establish my credibility in terms of independence (from govt and paratransit's competitors) and benevolent aims (publishing as unbiased an account as I could), after which I was accepted and the interview proceeded; nevertheless the respondents remained wary in answering particularly the question of how many vehicles they owned

I formed the impression that all respondents were well-respected figures and knew their own businesses and the paratransit industry very well; I would say that are of the 'old guard' or 'elder' figures in the industry, by comparison to which the TA2 respondents were 'newcomers'

The respondents did not agree amongst themselves on all issues; this demonstration in my presence added to my perception that their responses were by-and-large transparent

### Interview record

- TA joining fee in = ±R60 000
- R1 started in MBT industry in 1980s during bus boycotts; had access to a van and used it during weekends to transport passengers for fare; formed a TA in 1985 to transport people between TA3 area and Cape Town CBD, was in competition with TA operating in TA3 area internally; TAs only allowed by govt to operate within townships
- R1: difficult to get permits in 1980s, but the township community supported the application and operators used and adapted available vehicles such as kombis and panel vans to serve as MBTs
- R1 & R2: biggest obstacles to operations at the time were conflict amongst competing MBT operators and govt restrictions limiting permits to within townships only
- R2: permits between townships and Mowbray [main destination from townships] or CBD were only issued to coloured operators; black operators rented these permits, or where not possible operated illegally – the risk with the latter was that if caught the vehicle would be confiscated and impounded permanently
- R2: WEBTA (Western Cape Black Taxi Association) was formed to support black operators, but they were still without permits

- R1: the permit deregulation during the late 1980s was intentionally introduced by apartheid state to cause conflict amongst black operators so that they eradicate one another, “we’ve lost many, many people in the process”
- R3: what caused the industry to pull through the deregulation and conflict was the support of people from the community – MBTs went where people wanted to go despite govt-imposed restrictions
- R2: “the taxi industry is the only industry that is completely owned by black people”
- R2: “our businesses were not supported by the previous govt, and they are not being supported by the present government”
- R1: there is no law that is protecting the operating permissions of MBT operators, and no government protection of the right granted under permits
- R1: the one positive aspect of the previous government was the granting of indefinite permits [which current govt is proposing to take away]
- R1: predecessor SABTA was better than present day SANTACO in terms of managing the industry – SANTACO seen as being full of corrupt individuals
- R1: in the Western Cape the industry employs many people, second only to agriculture and surpassing mining
- R2: the banking industry is exploiting taxi industry through inflating costs and rates on hire-purchase of vehicles
- R3: owners are forced to pay a 20% deposit on a vehicle hire-purchase plan
- R2: there are limited insurance options: only one company is willing to offer cover for MBTs but as it has a monopoly it is charging inflated premiums claiming that MBTs are ‘high risk’ without qualifying what those risks are
- R1: pre-TRP Toyota Siyayas (costing R135 000) were affordable and appropriate to the industry, but they are no longer an option and have been replaced by much more expensive Toyota Quantums (R300 000-R400 000); the seating capacity has also been reduced to 12 passengers reducing cost-effectiveness
- R1: the TRP scrapping allowance is completely insufficient
- R2 & R3: TRP5 (the Taxi Regulatory Plan 5) proposes to remove all pre-2006 vehicles and is a form of “oppression”; the resale value of a 2001 Siyaya in good condition is ±R110 000, but the scrapping allowance is only R59 400;
- R1: TRP5 should include vehicles up to 2001 models
- [at this point I asked what form of engagement would be appropriate]
- R3: IRT should invite all associations to participate in IRT planning; where they are not affected they should be there as observers
- R1: direct engagement with each TA is not a good strategy: it would be seen as perpetuating the “divide and rule” approach of the past
- R1 a critical problem is that not all routes or TAs have people who are competent to negotiate, therefore some centralised form of engagement is more desirable
- R1: if IRT is a city-wide project everyone should be treated and engaged in the same way
- R2: motherbodies don’t necessarily represent all their members, but should still be observers in IRT engagement processes
- R3 expressed concern that IRT Phase 1 may be a failure but due to unaffected operators being excluded from engagement they would not know of such failure – therefore the call to be observers [secrecy around IRT is not being received well]
- according to what R3 had heard the general operator buy-out figure is R300 000, to which R1 countered that the figure is still being negotiated; R3 likened this amount the value of a single



vehicles, which was insufficient enticement [clearly the buy-out figure is contentious and critical]

- R1: what can possibly come out of Phase 1 negotiations if the service is already running? [cart before the horse]
- R1: there is a need for more competent people on SANTACO who are accountable to the industry [this was said in the context of the stake that SANTACO has, or will acquire, in the BRT proposal; respondents were distrustful of SANTACO's motivations]
- R3 suggested that a steering committee be elected to negotiate on members' behalf; R2 said that would be unacceptable in his association and that "I would never allow another person to negotiate on my behalf around my future without me being present", whether such a person be a consultant or if it be a steering committee
- R2: motherbodies were side-lined on study tours to Bogota; he was adamant that affected Cape Town operators and influential persons in the industry [respondents knew very well who these persons were] be exposed in person to the details of engagement and the transition process in Bogota through talks with Bogota operators both within and outside Transmilenio operations
- R3: the currently engaged parties [operators, officials] don't know what the general industry feeling is
- R2: an educational workshop is a necessity to expose the industry at large to the IRT business plan, operator prospectus, and purpose of surveys, amongst other matters [up-skilling/training are critical]
- R2: negotiations on Phase 2 should start well before operations commence; Phase 2 engagement should start immediately
- R1: "black people do not own mines, do not own malls, do not own farms; black people own shebeens and we own taxis" [reveals a deep rift in the black well-to-do and black general population; respondents were in the latter group]
- R2: "BRT will bring poverty and unemployment if the value chain is not included"
- All respondents: "We are proud of it [the minibus-taxi industry]; it's a legacy to our children"; R1 stated that the children of current operators would be ashamed of the current owner generation if they surrendered with no good reason the MBT industry in which they invested so many decades of their lives
- [there is a definite sense of ownership of the routes that will be very difficult to overcome, but realistic financial incentives may well be key]

	<i>Question/topic</i>	<i>Prompts</i>	<i>Response</i>
A1	What is the role of the interview respondent(s) in the association?	Chairman Board member(s) Other?	All were on provincial SANTACO board Board members of local TAs
A2	What business interests does the association have except operating minibus-taxis?	Spare parts Vehicle maintenance Financing Fuel supply Other interests	
B1	How did you start in the minibus-taxi industry?	Timeline Up through ranks First job	Built up own businesses from scratch during apartheid years
B2	How many vehicles do you own and operate?	Minibus Sedan Other	5 minibuses each
B3	Do you drive any vehicles yourself?	Full-time Part-time	
B4	How many operating licences or permits do you have?	In service at present Dormant	
B5	Do you keep a record of your minibus-taxi business's income and expenses?	Fares Fuel Wages Repairs	
B6	Are your minibus-taxis your only source of income?	Minibus-taxi related business Other business	
C1	Why do you think passengers use minibus-taxis?	Travel time Cost Comfort Flexibility Captive to mode	Offers a demand-responsive services, goes to areas where passengers want to go

C2	What do you think would make your minibus-taxi business more successful?	Dedicated road space Improved competition regulation Improved law enforcement Larger vehicles Subsidy – capital or operational Representation structures Recognition	Operations subsidy and more realistic scrapping allowance Trust-worthy representationals structures Recognition by government
C3	Do you think the Operating Licensing system works well?	Competition management Law enforcement Oversupply Profitability Application procedure	Prefer indefinite permits No mention was made of overtrading
C4	Do you think the Taxi Recapitalisation Programme works well?	Vehicle scrapping allowance Financing deficit Application procedure Scrapping facilities Approved vehicles	Insufficient scrapping allowance Approved vehicle seating capacity too low
C5	Have you heard of the IRT/MyCiTi/BRT system? Where did you hear?	Press/internet Word-of-mouth Representative structures City of Cape Town engagement Other	Through representational structures
C6	Do you think the IRT/MyCiTi/BRT system offers a good business opportunity for your business?	Collective ownership Financial certainty Competition regulation Employment stability Long-term planning Scale of change	Skepticism around motivations of IRT project There was great concern around the lack of transparent engagement The respondents seemed keen on improved financial prospects but appeared not to know what the operator transition plan entailed

## INTERVIEW RECORD

<i>Code:</i>	TA4
<i>Date:</i>	29 May 2012
<i>Venue:</i>	TA offices
<i>MyCiTi</i>	3
<i>Phase:</i>	

### Personal observations

It seemed as if the association took care to have diverse representation during the interview – members and non-members, senior and junior

Curiosity and eagerness to improve their businesses: they were very keen to hear more about IRT proposal as respondents said they had no information on it – empowerment

It is not really possible to have a conversation about discrete topics during an interview, especially with this many respondents – the conversation interwove comments and questions (both ways: from me, TB and from respondents) on their needs, IRT, business improvement tactics, problems

This interview clearly demonstrated that there is a need for business capacity building – the interview was more interactive (i.e. questions in both directions) than previous interviews

There was much talk and questions around the financial figures being offered by IRT in terms of early exit and contract share income – I pointed out a few times that there is still much uncertainty and it is impossible to speculate; TB provided some ballpark figures

The TA leadership has proposed collective fleet management already, but insufficient trust amongst owners has apparently been the main reason that this is as yet not feasible

After the interview started to break up there were some questions around what role GABS played in the IRT, but there was not time to explore this. Judging by how late into the interview this topic emerged it did not seem to be of primary concern

The TA seemed to be well organised and calm; despite responses (listed below) that trust was missing between owners/members there was a sense that there was a collective mindset, or at least that they were ready to think and act collectively

### Interview record

- Upon commencing the respondent believed that this was an official meeting, not a information and interview session; R7: “Are you bringing us money?” [this may have been meant jokingly, but there was a serious undertone to the question]
- R3 was the only female respondent – included in session for that reason; had a formal sector job, but quit that and took the payout to buy her first vehicle in 1990s; her husband had already been a MBT owner; [I got the sense that she preferred the self-determination offered by being an MBT owner]
- R7: entered industry after school age – aspired to being a driver; vehicles that he owned are now scrapped – didn’t buy new vehicles and is not operating at present
- R8: started as a driver in 1980s, owns 1 vehicle, “I can’t go back to any other job” [sees his fate as tied to that of the MBT industry]
- R2 was a younger member, vehicle driver and not on exco - included in session for that reason; started as a gaardjie in 1993

- R7: “Not all of the owners are interested in their own businesses” [on whether owners actively manage their MBTs, e.g. bookkeeping]
- Association is in the process of fitting vehicles with a prepaid voucher fare system which the driver would scan upon embarking, shops in area would sell vouchers similar to prepaid cellphone airtime – motivation is so that owners can check income
- R3: quite a bit of power in the drivers’ hands [i.e. drivers are in control of income and operations] and owners are trying to gain control with fare system
- [I asked if the TA believed the fare system would warrant the additional expense:] R3: A cashless system would reduce the risk of robbery of passengers and drivers, which occurs relatively frequently
- R7: “Van die drivers steel gevaarlik” [*“Some of the drivers steal like crazy”* – drivers don’t accurately report farebox takings to owners]
- The majority of the TA’s members approve of the fare system, have even had talks with TAs in the Northern Cape to adopt the system
- Owners’ ‘takings’ equals around R700 per day in general, respondents agreed that they should increase the daily amount they recover from drivers for the use of the vehicles
- Fare system/better management of drivers is not only way respondents are trying to increase their income – are using advertising in vehicles as well
- R7: “Weet jy wat soek ‘n taxi man? ... Gee vir my ‘n R500 per maand van advertensies”; “Die man op die grond moet benefit” [*“Do you know what a taxi man wants? ... Give me R500 per month income from advertising”; “The man on the ground must benefit”*] [on how the association is seeking to increase owners’ revenue through collectively arranging advertising on vehicles]
- R7: Fare system has a pension component to it: Old Mutual, Cell C and advertising companies are on board to make a success of it [didn’t pursue this discussion, but presumably a proportion of the revenue is being diverted to a pension scheme]
- [TB spent some time explaining what the IRT proposal is in terms of operations (trunk and feeder) and how the shareholding and corporatisation process will work]
- R1: TA is not taking in new members [TB asked the question and recommended they do not consider taking in new members in preparation for the IRT negotiation: more members = smaller share for each]
- R7: on how to run a business [in the context of being able to provide proof of the value of MBT businesses once IRT corporatisation process comes this way] “Gee vir ons iemand wat ons kan kom wys so werk dit” [*“Bring us someone who can show us how it works”*]
- The respondents were heavily disgruntled about SANTACO not performing on its mandate to support and train operators, despite SANTACO being funded to do so by government and member associations
- R7: “Ons is nie lief vir daai mense [SANTACO] nie – hulle steel van ons” [*“We don’t have much affection for those people (from SANTACO) – they are thieves”*]
- R7: The TA has not been engaged at all around the IRT; there was only the failed Ratanga Junction meeting and nothing thereafter
- [I questioned respondents on whether they have a long term plan in place for their respective businesses]

- R1 reflecting on how shareholding in VOC will be calculated and risk of violence in MBT sector: “but if I die how do I [my share/family] benefit?” to which TB responded that shareholding is calculated on passenger and vehicle market share and not on a per person basis [I think the implication here was that R1 was concerned that IRT process might lead to further violence to reduce number of shareholders but due to the way in which shareholding is calculated this will not be the case]
- R1: “We don’t realise what we have in our hands” [in terms of the present system’s ownership equity and future possibilities]
- R1: around 80% of owners have MBT businesses as their sole source of income
- The respondents seemed to realise during the interview that they must organise and document their business matters better, and asked for assistance with planning their businesses better [the strategic planning / long term component is missing in the MBT sector]
  
- [I proposed to respondents that it is critical that they start thinking about creating a formal business entity, that they understand their cash flow better and that the TA should petition the City to bring the IRT their way sooner rather than later]
- R7: has already proposed that TA vehicles be pooled and managed collectively so that if one vehicle is out of action it doesn’t jeopardise any particular owner’s income – “but we don’t trust one another” was the reason that this hasn’t happened yet
  
- R1: IRT “sounds good” but what was presented during the interview session had to sink in first [the exco went into a meeting straight after the interview was concluded]
  
- [The discussion returned to respondents’ present financial situation and what could be done to improved their businesses]
- On some routes “drivers never go home with less than R2500 per week”
- Respondents believe they should manage their targets better and work more collectively
- R7: “Onse drivers kry meer as wat die owners kry” [“*Our drivers earn more than the owners*”]
- [The word subsidy immediately came up but when asked specifically what type:] A fuel subsidy would assist
- The problem with the TRP was that obtaining credit to finance the remainder of the purchase sum was difficult because many owners had poor credit records – this was the primary way in which the TRP could work better; some voices around the room said that increasing the scrapping allowance would help, but this did not appear to be the main issue
- There was some agreement that customer care could improve – that drivers treat passengers poorly despite relying on customers for their own income
- The respondents generally believe that passengers choose to use MBTs because it offers a service which is faster and cheaper than other modes of public transport

	<i>Question/topic</i>	<i>Prompts</i>	<i>Response</i>
A1	What is the role of the interview respondent(s) in the association?	Chairman Board member(s) Other?	R1: chairperson R2: member R3: vice-chairperson R4: member R5: deputy vice-chairperson R6: assistant treasurer/financial manager R7: treasurer R8: training officer [R9: joined mid-way, was not introduced, did not participate]
A2	What business interests does the association have except operating minibus-taxis?	Spare parts Vehicle maintenance Financing Fuel supply Other interests	Mainly involved in MBT businesses
B1	How did you start in the minibus-taxi industry?	Timeline Up through ranks First job	Driver Owner Gaardjie Most as first job, R3 opted out of formal sector
B2	How many vehicles do you own and operate?	Minibus Sedan Other	Most respondents owned 2 minibuses, R2 owned one
B3	Do you drive any vehicles yourself?	Full-time Part-time	R2 only driver
B4	How many operating licences or permits do you have?	In service at present Dormant	
B5	Do you keep a record of your minibus-taxi business's income and expenses?	Fares Fuel Wages Repairs	No

B6	Are your minibus-taxis your only source of income?	Minibus-taxi related business Other business	R1: Around 80% of TA members have their minibus as the sole source of income
C1	Why do you think passengers use minibus-taxis?	Travel time Cost Comfort Flexibility Captive to mode	Faster and cheaper than other modes
C2	What do you think would make your minibus-taxi business more successful?	Dedicated road space Improved competition regulation Improved law enforcement Larger vehicles Subsidy – capital or operational Representation structures Recognition	Operational (fuel) subsidy Better representative structures particularly in relation to training Recognition didn't come up at all during the session
C3	Do you think the Operating Licensing system works well?	Competition management Law enforcement Oversupply Profitability Application procedure	
C4	Do you think the Taxi Recapitalisation Programme works well?	Vehicle scrapping allowance Financing deficit Application procedure Scrapping facilities Approved vehicles	Obtain financing/credit to fund capital shortfall a problem
C5	Have you heard of the IRT/MyCiTi/BRT system? Where did you hear?	Press/internet Word-of-mouth Representative structures City of Cape Town engagement Other	Heard at Ratanga meeting Interview was the first time they heard of any details



C6	Do you think the IRT/MyCiTi/BRT system offers a good business opportunity for your business?	Collective ownership Financial certainty Competition regulation Employment stability Long-term planning Scale of change	Seemed promising, but as the interview was the first time they heard what it offered they wanted time first to reflect on what it meant to them
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## INTERVIEW RECORD

<i>Code:</i>	TA5
<i>Date:</i>	30 May 2012
<i>Venue:</i>	TA offices
<i>MyCiTi</i>	2
<i>Phase:</i>	

### Personal observations

There was a tense atmosphere on the ground: Member of another association challenged R1 when he saw R1 and me crossing the street to TA offices; I presume they thought I was a consultant or government employee dealing only with GCTA; the aforementioned let us proceed after R1 said I was from UCT

R1 was pleased that I had come to “ground level”, that I came to meet with him on his home ground  
Provided insight into Jammie Shuttle contracting issues – follow up to discuss inclusion in CfTS bus course on JS experience

### Interview record

- R1 has been in industry for 22 years, started by driving an unlicensed minibus
- TA in existence for 20 years, R1 was a founder member
- Owns 4 vehicles, involved in the running of ±80 vehicles on behalf of other owners
- Keeps financial records of own vehicles, stated that this is required by law and for income tax purposes
- Stated that all TA members keep financial records and confirmed that TA is well run
- Officially membership is closed, but TA will consider new members if they have a strong business background; a few existing members are very wealthy
- “We don’t allow drug dealers” [to become members of association]
- Passengers use MBTs because “they have no choice”; R1 admits that it is “not the best ride quality”, but believes they provide a critical service
- MBTs served as a springboard for members to expand into other businesses; MBTs were the core business but now owners’ business interests are half in MBT and half elsewhere
- R1 believes that the industry lacks driver training and skills such as providing customer care
- Government can provide better ranking facilities as these are in need of improvement; R1 is aware that a significant amount has been set aside for improving TA5 main rank
- Facilities at stops along routes could also be improved (shelters and embayments)
- TA owns taxi loading bays on Main Rd in TA5 area – apparently despite being on roadway the property was privately owned; purchased for R180 000 per bay from private owner with acknowledgement from City; problems with metered taxis using these bays as ranks
- Waiting time for approval of OLs exceeds the 30 day official period; officials handling process are not well informed
- TA arranged for one of their members to be on SANTACO to ensure that the application approval process runs smoother

- “Taxis are our tool” – critical that licencing process runs smoothly so that MBT businesses can continue to function properly and legally
- “POLB is doing OK”, “there’s not too many taxis on the road – there’s taxis off route” – problem is not that there are too many licences being awarded, but rather that taxis are not being forced to keep to their official routes; TAs are encroaching on one another’s legally recognised routes [problem is not POLB, but that there is insufficient law enforcement]
- TA had 20 more operating licences approved recently but they are not putting the vehicles on the road as it doesn’t make business sense [the TA is managing its supply and demand; ties back to earlier statement that owners know the financial statuses of their businesses]
- There is tension between CATA and CODETA: interchanges are being bypassed and taxis are going off their routes [leading to these tensions between motherbodies]
- Law enforcement officers are well trained: they are not well informed on how taxis work [that TAs run organised businesses and manage their routes and members] and on how to read the permits [they don’t know the rights that the OLs grant to the holder and if a taxi is on or off its route by reading the OL]
- “This route of ours is a goldmine” [the TA5 area is a very important hub in the transport system]
- There is high churn amongst the public sector officials that they have to deal with: the frequency with which owners/the TA had to re-establish relationships with City or law enforcement officials [to form trusting relationships] was seen as a problem
- R1’s perception is that the public sector is not recognising the role and value of the MBT industry and assisting it: “You know, the taxi industry is not being taken seriously”, “our problems just get bigger and bigger”
- But “I must give credit to [TA5 area] Business Council” in the way that they engage with the TA if there is a problem or if something in the area changes [e.g. new property development]
- R1 stressed that this is his personal view on TRP scrapping allowance: “The money, you can’t do anything with that money”, “We’re in it to make money” [owner is not going to replace a functioning vehicle to take on new debt – eats into profit]; “Maybe R150 000 [scrapping allowance] would give you breather space”
- TA owners can’t fill the gap between recap allowance and new vehicle price: “They’d [owners would] rather stick with their old vehicle”; maintenance on the new vehicles are expensive – a sliding door for a Toyota Quantum costs R36 000 [more than the value of a Siyaya]
- TRP: “Maybe it’s a government scheme to root people out, to kill the industry”
- The TA does not allow the renting out of permits; “Our membership is tight” – the TA’s members run on strong business principles
- “We’re all originally from here [TA5 area]” [there is a sense of pride and belonging to the area]
- “We hear in 2013 that IRT is coming this way”, “We have nobody come to us” [to talk about rank facility of IRT-related upgrades]
- On where TA first heard about BRT/IRT: “We always had people on SANTACO” and was thus exposed to the BRT concept engagement with Tasneem Essop and the Klipfontein Corridor project

- “All these local associations look up to us to set the bar” [implying that R1’s TA had taken a leading role in on the Klipfontein project and on the study tour to Bogota]
- “We were all for it at one stage, at the beginning stage”
- [On how formalised the TA is in preparation for IRT] was a partner in ATS (Amalgamated Transport Services) on a 50:50 basis to tender for UCT Jammie Shuttle service provision
- R1 not sure about what IRT is offering
- The lack of information and lack of trust amongst rival TAs is making it difficult to buy into IRT
- “We need expertise in the industry, we need skills, we need outsiders” [outsiders = professionals from outside – R1 mentioned legal advisors as an example]
- TA wants to be in a position to formulate proper business plans and proposals, but owners are unwilling to spend money outside their daily MBT operations [on professional services and training that is not of immediate apparent benefit to their business]
- [On Jammie Shuttle] TA supported original JS operating licence applications because these did not duplicate MBT routes existing at the time; support was given on the understanding that if JS services expanded where there were MBT routes that the TA would become a formal partner and “share in the income”
- JS contract with AMS, not with TA
- AMS bought new Toyota Quantums that are being used exclusively on Jammie Shuttle routes to Claremont; after the JS services end at 9am these vehicle are parked and are not used for normal MBT services [demonstrates that the TA is willing to invest in

	<i>Question/topic</i>	<i>Prompts</i>	<i>Response</i>
A1	What is the role of the interview respondent(s) in the association?	Chairman Board member(s) Other?	Secretary-general
A2	What business interests does the association have except operating minibus-taxis?	Spare parts Vehicle maintenance Financing Fuel supply Other interests	Around half of TA members' collective income derived outside MBT business – did not specify what types of external businesses
B1	How did you start in the minibus-taxi industry?	Timeline Up through ranks First job	Driver
B2	How many vehicles do you own and operate?	Minibus Sedan Other	4
B3	Do you drive any vehicles yourself?	Full-time Part-time	No
B4	How many operating licences or permits do you have?	In service at present Dormant	
B5	Do you keep a record of your minibus-taxi business's income and expenses?	Fares Fuel Wages Repairs	Yes
B6	Are your minibus-taxis your only source of income?	Minibus-taxi related business Other business	
C1	Why do you think passengers use minibus-taxis?	Travel time Cost Comfort Flexibility Captive to mode	"They have no choice"

C2	What do you think would make your minibus-taxi business more successful?	Dedicated road space Improved competition regulation Improved law enforcement Larger vehicles Subsidy – capital or operational Representation structures Recognition	Increased capital subsidy Recognition
C3	Do you think the Operating Licensing system works well?	Competition management Law enforcement Oversupply Profitability Application procedure	High turnover of public officials – difficult to maintain trusting relationships Poor level of education amongst public officials on how to interpret OLs Insufficient law enforcement Application approval takes longer than indicated 30-day period
C4	Do you think the Taxi Recapitalisation Programme works well?	Vehicle scrapping allowance Financing deficit Application procedure Scrapping facilities Approved vehicles	Allowance completely insufficient
C5	Have you heard of the IRT/MyCiTi/BRT system? Where did you hear?	Press/internet Word-of-mouth Representative structures City of Cape Town engagement Other	Through involvement in SANTACO
C6	Do you think the IRT/MyCiTi/BRT system offers a good business opportunity for your business?	Collective ownership Financial certainty Competition regulation Employment stability Long-term planning Scale of change	Does not have sufficient information to be able to say

## INTERVIEW RECORD

<i>Code:</i>	TA6
<i>Date:</i>	31 May 2012
<i>Venue:</i>	Civic Centre
<i>MyCiTi</i>	1
<i>Phase:</i>	

### Personal observations

Throughout the interview various of R1's comments made it clear that there was a big gap between the level of technical knowledge (contracting and financial nuances) that IRT required in contrast to taxi operators' present situation where the only focus is on daily or really short term considerations. Many of R1's comments had an undertone of powerlessness in the face of IRT and the PTA's dominance.

### Interview record

- On challenges presented by IRT: "We never used to be in the corporate world ... We do not have the educational background"
- Father was a MBT owner, R1 was started as a gaardjie, then driver at age 16 (without driving licence), bought Hiace while still at school
- Concurrent to driving MBT completed NTC 2 and 3 of electrical engineering, but dropped out
- Motivation for studying was R1's realisation that "There's more to me than that" [than being a taxi driver and owner] but there was more money in being in the taxi business
- Left Cape Town when taxi wars broke out (also spent time in Lesotho) – wars between opposing tribal sides
- Started as operator in Gugulethu before taxi wars, moved to central Cape Town afterwards and joined Peninsula TA
- After a year broke away from PTA: PTA didn't want black drivers to hold permits – were told that this caused too much competition on the road; black operators were only allowed to rent permits from coloured permitholders, as late as 1993/1994
- It was easier to get hold of a vehicle than a permit; to obtain his first permit R1 resprayed his first minibus, sold it for R18 000 and purchased a permit for R15 000
- Once the permit was secured he worked hard at convincing his brother to lend him money and he bought a Ford Husky minibus
- "I sort of struggled [financially] when I started [operating in central Cape Town]"
- A few months later bought a second minibus ("van") and rented a permit from PTA [had by this point ceased being a PTA member]; PTA leadership however didn't want to sell off any permits – this led to R1 and fellow operators forming TA6 so that they could apply themselves for permits
- There was a lot of fighting (fist fights) [with PTA members] and it was a difficult process to establish their own TA as a TA had to have at least 10 members to register
- The SLP process [government amnesty programme?] allowed permit renters to become permit holders
- Once formed TA6 took in black, coloured and white [possibly meaning Muslim based on examples given during interview] members

- R1 owns 12 vehicles all with OLs, doesn't drive any longer
- TA used to have a limit of 5 vehicles per member, but there was internal friction around this limit and the TA finally decided that it would be in the TA's interest not to have a limit so that it could grow in numbers [vehicles and OLs]
- "In the taxi industry you need to have a good lawyer" – the laid back African mindset doesn't serve the development of the industry, although this mindset persists
- As the government is taking on a more hand-on approach to regulating the taxi industry of late the industry is trying to clean up its act, but this is moving slowly
- TA members don't discuss finances as this is very sensitive and can get you killed; "The taxi industry is a mafia", "The taxi industry has lost a lot of people because of asking about money"
- Having executive committees [official management and representation] within TAs has brought a lot of legitimacy to the industry
- [Basic and business] literacy is lacking: people in the taxi industry don't have the proper education/background to manage and account for their money – this applies especially to operators' own businesses but much less so to TAs' finances; "Most of our people run from hand to mouth" [i.e. don't manage finances beyond daily income and expenses, no long term vision]
- There have been initiatives to educate and train owners by the TA, SANTACO and other agencies [unspecified] in terms of understanding technical & legal documents, customer care, vehicle care [including maintenance] and rank management, but "nobody attended" [possibly a source of embarrassment on the part of those involved in arranging these events]
- Drivers' attendance at driver-focussed courses was higher; "SANTACO did make an effort" but owners weren't sufficiently interested
- Taxi owners are only interested in their present situation and are not thinking ahead: "I need to make money for food", "Don't stand in my way, I want to make money"
- IRT is far too demanding in terms of paperwork and technical proficiency/preparedness that it requires of taxi operators; taxi operators prefer to deal with what they are familiar with: "Take the key, start the car [minibus-taxi], I'm gone" is the way they are used to running operations [with no contracting, timetabling, legal issues taking months to negotiate and resolve]
- PTA is using IRT to get ahead of its fellow TAs; "City is also in favour of him [PTA chairman]", TA6 is getting the short end of the stick
- All local [i.e. non-long distance] TA6 routes (all 56 operating licences) are affected by IRT, yet "we are not so sure about what's happening in the IRT" – PTA is far bigger (400 operating licences) and is dominating the engagement process on the MBT side
- "We are walking into the unknown", uncertainty around official promise: "How [in what way] are we not going to be worse off?" [It seemed that TA6 are being sidelined in the Phase 1 negotiation, dragged along only because their OLs are affected]
- There is also uncertainty around what will happen with minibuses during IRT: the TA holds valid long-distance licences not affected by IRT but if vehicles are scrapped then these OLs are meaningless; long distance OLs holds promise of future growth and a way out of present difficult positing in which TA finds itself [squeezed between PTA and IRT]
- There aren't enough job positions in IRT vehicle operating companies – some of the positions require people with degrees: "The only jobs that are out there [i.e. in IRT] for us are drivers"
- "We create our own problems", "It always goes back to the culture" [i.e. 'small-mindedness', operators only interested in short term interests], "We'd rather want money in our pockets"



- R1 would prefer that TA has a kitty to deal with communal issues [defending OLs, legal issues]: the City only pays attention to lawyers' letters
- The younger generation of operators ("new guys with better education") is more progressive and understand the needs for greater collective action [longer term planning]
- "We're really not getting anywhere" [as an industry and as a TA]
- [When prompted as to what would resolve their internal impasse and how MBT industry can become more successful]: starting to focus on long distance services as a source of income, especially during season [holidays]
- R1 said that it makes sense to use minibuses on long distance routes; [I questioned him on whether larger vehicles wouldn't be a better proposition:] "If you transport people with smaller vehicles you don't run the risk of having a half empty bus", especially applicable to the return leg of the journey
- Local ranking spaces don't allow for larger vehicles (i.e. 22-seaters), but R1 admitted that it could be a consideration for longer distances if passenger demand allowed and it led to reduced operating costs; however, less vehicles equalled to less drivers [employment]
- TRP is not an issue any more as all vehicles are subject to IRT processes
- The TA is negotiating with the City at present to keep some minibuses for long distance services
- A further issue that isn't resolved is that some owners still have down payments to make on their recapped minibuses – it is not clear how this will be addressed by the IRT offer; the TA proposed that the City only takes the OL and leaves present vehicles with owners, but the City said that this would lead to them coming back as pirate operators to compete with IRT
- Passengers use MBTs because they get from A to B much quicker; MBTs offer a convenient service – go where passengers are and want to be [i.e. offers a flexible service]
- Despite all the accidents and lack of subsidy the industry still prospers
- R1 said that it was wise to start with the IRT in the CBD as there are less owners and TAs affected – the risk of problems in the Metro Southeast is far greater [in terms of opposition, violence and disgruntlement]
- IRT was not a good opportunity because it is taking away the flexibility of the present MBT system – convenience for passengers is much reduced; R1 reflecting on the study trip to Bogota and Curitiba which he took part in: metered taxis filled the gap left by taking paratransit off the road and the same might happen in Cape Town
- Study tours only focussed on technical matters; when R1 and others questioned officials about whether certain operators were excluded they were informed that the purpose of the tour was technical learning only: "It's irrelevant [it's not important which or why operators were excluded]; it's a technical tour"
- TA members say: "I don't want to be in IRT – there's too much uncertainty"

	<i>Question/topic</i>	<i>Prompts</i>	<i>Response</i>
A1	What is the role of the interview respondent(s) in the association?	Chairman Board member(s) Other?	Public relations officer/ previously chairman Chair of holdings company in IRT VOC
A2	What business interests does the association have except operating minibus-taxis?	Spare parts Vehicle maintenance Financing Fuel supply Other interests	-
B1	How did you start in the minibus-taxi industry?	Timeline Up through ranks First job	Father owned an MBT, started as driver
B2	How many vehicles do you own and operate?	Minibus Sedan Other	12
B3	Do you drive any vehicles yourself?	Full-time Part-time	No
B4	How many operating licences or permits do you have?	In service at present Dormant	12
B5	Do you keep a record of your minibus-taxi business's income and expenses?	Fares Fuel Wages Repairs	
B6	Are your minibus-taxis your only source of income?	Minibus-taxi related business Other business	
C1	Why do you think passengers use minibus-taxis?	Travel time Cost Comfort Flexibility Captive to mode	Convenient, faster, flexible

C2	What do you think would make your minibus-taxi business more successful?	Dedicated road space Improved competition regulation Improved law enforcement Larger vehicles Subsidy – capital or operational Representation structures Recognition	Increased development of long distance transport services (in SA and to neighbouring countries)
C3	Do you think the Operating Licensing system works well?	Competition management Law enforcement Oversupply Profitability Application procedure	
C4	Do you think the Taxi Recapitalisation Programme works well?	Vehicle scrapping allowance Financing deficit Application procedure Scrapping facilities Approved vehicles	
C5	Have you heard of the IRT/MyCiTi/BRT system? Where did you hear?	Press/internet Word-of-mouth Representative structures City of Cape Town engagement Other	Affected operator in Phase 1, but TA is being sidelined in engagement process
C6	Do you think the IRT/MyCiTi/BRT system offers a good business opportunity for your business?	Collective ownership Financial certainty Competition regulation Employment stability Long-term planning Scale of change	Too many uncertainties

## INTERVIEW RECORD

<i>Code:</i>	TA7&8a
<i>Date:</i>	26 June 2013
<i>Venue:</i>	UCT NEB Boardroom
<i>MyCiTi</i>	2
<i>Phase:</i>	

### Personal observations

This group of respondents appeared to play an active role in the management of their minibus businesses

Highly mistrustful and unhappy about TRP – saw it as a scheme designed to eradicate minibuses

Link between land use and transport: construction of township malls has reduced the demand for longer distance trips to old commercial centres, negatively impacting on farebox revenue

Respondents did not comment on their market being saturated despite my asking them directly about this – protecting what is theirs (?)

Want to keep money in-house – did not look favourably on outside driving schools receiving SETA funding to train drivers

Investigate the funding sources and quantities that are at present available to MBT businesses or that could in future be directed their way: PTISG, PTOG, TRP, IRPTN compensation/contracts, dti grants, other?

### Interview record

- All own multiple vehicles
- Not involved in other businesses – large administrative load as 15/15 executives
- R4 started as a driver in 1993
- R6 started as an owner during bus boycotts in mid-1980s running routes to Claremont and Wynberg, acquired permits to operate to CBD in 1988
- R5 used a payout (“package”) from formal sector job to purchase minibus
- R1 started as an illegal (“pirate”) owner-driver in 1986 working part-time after work on weekdays and full-time over weekends
- R2 purchased minibus in 2000
- R3 used a package from formal sector job to purchase minibus in 1993
- All keep books of daily minibus business expenses and income, including insurance, fuel charges, maintenance costs
- R2: they destroy books of previous years as they see no need to keep these
- R1: keep books due to “government demands”, i.e. for tax/SARS purposes; they keep very careful records particularly of late
- R6: banks require financial records during loan applications to purchase new minibuses
- R6: “we never enjoyed this taxi recap programme”, more interested in subsidy aspect of TRP than in the particular range of TRP-compliant vehicles that were introduced
- R3: the TRP cripples operators and reposessions are common

- R6: disgruntled about reduced passenger capacity of approved vehicles; the “calibre” of approved vehicles did not match up to the prices being charged for these vehicles
- R6: owners were promised at start of TRP that they would be compensated (i.e. subsidised) for half the value of a new compliant vehicle, but the subsidy remains at R50 000
- SC: government did not consider affordability when implementing the TRP; by introducing TRP government instituted a policy that ruined operators
- All: repossession is a huge problem due to the loss of investment value (i.e. capital already paid off) and resulting blacklisting of operators
- R6: TRP is a case of “regulatory failure”: he was enticed to purchase a (larger capacity) 22-seater minibus, but no licences were made available (presumably because of NLTA clause that existing MBT licences adding up to that capacity had to be surrendered); vehicle ended up being repossessed by banks because owners could not obtain licences (seemed to be a requirement for instalment sale agreement) and he ended up being blacklisted
- R1: 22-seater vehicles do not qualify for scrapping
- SC: panel van conversions are unreliable, and followed up personally with manufacturer but did not receive a satisfactory responses; thus present case lodged with public protector
- R1: Siyaya was a very good product – affordable purchase price and maintenance; commuters (i.e. passengers) never complained about the nature (comfort) of the vehicle
- R1: government introduced the new vehicles without consulting with MBT owners
- R6: commuters are comfortable with Siyayas – they have more urgent priorities than the actual taxi vehicles (i.e. passengers are far more concerned about getting to and keeping their jobs than in what kind of vehicle they are being transported in)
- R2: used the new Quantum on a trip to the Eastern Cape, but passengers afterwards asked him to use a Siyaya; the comfort levels of both are the same despite size differences (roof height, seat width)
- R2: operators have been noticing that the (build & material) quality of Quantums is not up to the same level as that of the Siyaya, but when the confronted the manufacturer about this they were told that it would be too expensive to build the Quantum to the same standard (presumably because of more complex technology and safety features?)
- R7: the Quantum is faster because of its larger engine, which causes more accidents; it uses more fuel yet carries less passengers
- R1&R2: the Siyaya’s financing and insurance costs amount to R4 000 per month, while that of the Quantum is R10 000pm; yet the number of trips that operators make did not increase – the opposite was true: the construction of malls in the townships means that many previous passengers don’t travel to town (i.e. Cape Town) to do their shopping
- SC: a plan for the MBT sector is absent – most repossessions are the result of uncoordinated government land use and transport planning, which mean that MBT operators’ income is being negatively impacted on; the IDP process is not working
- HS: How can the industry be improved? (supply, demand, ownership structure)
- R6: the taxi industry uses a lot of fuel, and thus generate income for government; operators did not increase their fares despite the additional cost involve in purchasing recapped vehicles yet they are not receiving increased financial support from government
- R6: driver training is critical to improving the minibus taxi sector
- R6: MBT lanes do not work properly – failure of infrastructure to serve operators’ needs

- R2: the taxi industry is open to increased driver training; the SETA has funds available for training but is only accessible to driving schools – these funds get misused by these schools
- R2: there is a lack of oversight of how government funds are being spent
- R2: dedicated lanes were seen to impact positively on reducing drivers having to speed to make their daily target (i.e. freer-flowing traffic means more trips per day), but these lanes were lacking in traffic law enforcements and “tourists” were driving in these lanes more and more (possibly alluding to tourist vehicle operators)
- R6: proposed that government provide more dedicated lanes
- R6: MBT problems result from both government and MBT industry actions
- R6: owners are being overloaded with debt and fines: “the plan is to get rid of us”
- R6: their main passenger market is domestic workers; they all start working at the same time thus there is a high demand during peak hours which requires the present vehicle fleet capacity (i.e. there are not too many minibuses on the road); more dedicated would allow them to serve peak demand better
- R1: most demand is from informal settlements – in those settlements government provides a housing subsidy, but minibus operators don’t get a subsidy
- R1: congestion is increasing – MBT use should be encouraged over purchasing private cars
  
- R2: MBT businesses are being paid off to be replaced by MyCiTi vehicle operating companies – why can’t minibus-taxi owners not buy Marcopolo (i.e. large) buses individually and provide MyCiTi services?
- R1: “government doesn’t consult” though MBT operators have been accommodating government demands – why have operator not been consulted despite having been around for a very long time?
- R5: “government treats us as small boys” – operators should be accorded the same courteous treatment as other businesses (in other sectors)
- SC: “at the end of the day no-one takes us seriously”; operators are not necessarily rejecting MyCiTi, but they need to be included in the engagement process
- R2: minibus-taxi operators are being made to be scapegoats for all transport problems
- R7: “we are very insecure [about what BRT/MyCiTi entails]” (lack of information about what the proposal entails and how it will affect MBT businesses and services = uncertainty about future)

	<i>Question/topic</i>	<i>Prompts</i>	<i>Response</i>
A1	What is the role of the interview respondent(s) in the association?	Chairman Board member(s) Other?	R1: TA7 vice-chairperson R2: TA8 vice-chairperson R3: TA8 vice-secretary R4: board member R5: executive member R6: TA7 executive member R7: board member
A2	What business interests does the association have except operating minibus-taxis?	Spare parts Vehicle maintenance Financing Fuel supply Other interests	none
B1	How did you start in the minibus-taxi industry?	Timeline Up through ranks First job	mainly as driver or owner-driver
B2	How many vehicles do you own and operate?	Minibus Sedan Other	multiple
B3	Do you drive any vehicles yourself?	Full-time Part-time	no
B4	How many operating licences or permits do you have?	In service at present Dormant	
B5	Do you keep a record of your minibus-taxi business's income and expenses?	Fares Fuel Wages Repairs	yes
B6	Are your minibus-taxis your only source of income?	Minibus-taxi related business Other business	

C1	Why do you think passengers use minibus-taxis?	Travel time Cost Comfort Flexibility Captive to mode	it serves to transport them to work
C2	What do you think would make your minibus-taxi business more successful?	Dedicated road space Improved competition regulation Improved law enforcement Larger vehicles Subsidy – capital or operational Representation structures Recognition	dedicated lanes improved law enforcement subsidy more reliable approved vehicle range
C3	Do you think the Operating Licensing system works well?	Competition management Law enforcement Oversupply Profitability Application procedure	
C4	Do you think the Taxi Recapitalisation Programme works well?	Vehicle scrapping allowance Financing deficit Application procedure Scrapping facilities Approved vehicles	no
C5	Have you heard of the IRT/MyCiTi/BRT system? Where did you hear?	Press/internet Word-of-mouth Representative structures City of Cape Town engagement Other	grapevine
C6	Do you think the IRT/MyCiTi/BRT system offers a good business opportunity for your business?	Collective ownership Financial certainty Competition regulation Employment stability Long-term planning Scale of change	yes, but lack of available information is leading to a feeling of insecurity



## INTERVIEW RECORD

<i>Code:</i>	TA7&8b
<i>Date:</i>	27 June 2013
<i>Venue:</i>	UCT NEB Boardroom
<i>MyCiTi</i>	2
<i>Phase:</i>	

### Personal observations

Respondent seemed to choose to reply in Xhosa even if they could speak English so that co-respondents who were not fluent in English could follow – suggested that there is strong peer censure or pressure to keep within the ranks

SC said that the ‘old guard’ from Interview TA7a (possibly others from the main leadership) wanted to attend this interview to monitor what the more junior respondents (R1, 2, 4 and 5) said. R3 was the only from the TA7a group who was present – the remaining three from the old guard who had intended to attend were late, but SC spoke with them over the phone prior to their arriving, arguing that it would not be necessary for them to be present and that they should not try to veto or influence what was said in the interests of transparency. In the end they did not attend the interview.

Since exchanges were not conducted only in English and responses were translated in long ‘batches’ (i.e. relatively telegraphically) it was usually not possible for me to interject with clarifying questions of my own. This and TA7a interview also proceed slower as a result of the translation, though not as slow as I expected since a lot of information was still forthcoming and it seemed to me that all respondents could get their views across.

Many TAs seem to limit fleet size per owner – might be why saturation did not really come up during any of the interviews: operators and TAs may think that this is enough control of supply

### Interview record

- R1: 3 vehicles
- R2: 3 vehicles
- R3: 1 vehicle
- R4: 1 vehicle
- None have business interests outside MBT operations
- SC: operators would rather stick to one industry, demonstrates their dedication to public transport service provision
- R1: “you cannot worship two masters”, “who’ll be looking after your business at the rank if you’re elsewhere?”
- R1 & R2: started in 1980, government did not allow them to be both formally employed and a taxi operator, they chose the latter, worked in collaboration, used their retrenchment packages to purchase their first Chevrolets, bought their first minibuses in 1982 – old Toyota Hiace (Xh: “ncula-ncula”, Af: “arkie”)
- R4: bought a Valiant in 1986
- R5: started as a Valiant driver, bought own Valiant in 1986 and Hiace in 1987
- All started as owner-drivers

- R3: keeps financial records; single-vehicle owner-drivers had the knowledge of their finances in their heads ( $\pm$ mental arithmetic) and thus did not keep financial records; after purchase of second vehicle it became too complex to do this and they started to keep books – primarily to manage drivers' takings and payment
- R2: keeps financial records – same as R3 after purchase of second vehicle; also to manage driver since driver earns a percentage of income generated by MBT
- R1: keeps books to establish what his profit is at the end of the month
- R5: as per R3; keeps records on a 7-day cycle (i.e. calculates total income and expenditure on a weekly basis); 25% of fare income goes to driver as a wage
- All: general agreement that TA7 & TA8 drivers' wage is 25% of farebox income
  
- R5: the gap between TRP subsidy and new vehicle price is too great; R63 000 subsidy does not cover the typical new vehicle deposit of R75 000; the shortfall has to be found somewhere else; monthly instalment = R10 000; as a result cannot meet [financial] obligations and are being put out of the game; the recap has put operators in a terrible situation
- R3: scrapping cancels previous permit – has to convert to an operating licence and lose the freedom that the indefinite permit allows; administrative delays to get new operating licences; forces illegal operations to maintain an income, but vehicles get impounded at road blocks; TRP brought change, but not positive change for operators, and created [administrative] bottlenecks
- R2: if you scrap with a permit you are then coerced into an approved recap vehicle; you are not allowed to purchase a vehicle registered before September 2006 but this has implications on affordability – a Siyaya will cost R120 000-R150 000 while a new vehicles will cost R300 000-R400 000; affordability of approved vehicle range is an issue
- R5: a new operating licence application takes 90 days to be processed; but to get an OL approved you need to demonstrate that there space at the rank and in the [ITP/Ratplan] allowance
- R5: with the scrapping allowance paid out the operators approach financial institutions to fund the outstanding balance, but then get told that they do not qualify for a loan because of credit blacklisting and thus become excluded from operating [legally]
- R5: on OL it states that operators are providing a service to the City – 'service agreement' being undermined by government
- R5: if not operating for 180 days the OL is cancelled; happens that vehicle is in another province, repossessed or accident-damaged (and owner can't afford repairs for lack of income) and then consecutive random City surveys or cameras on freeways do not pick up that vehicle in 180-day period and OL is cancelled; there is no space for owners to provide motivation why vehicle was not operating (no avenue to appeal process cancellation of OL)
- SC: unreliable vehicles (MB Sprinter; IVECOs) are highly problematic because of 180-day clause
- R3: surveys are a problem; there is no forewarning to prepare documentation that proves why the vehicle was off the road for 180 days
- SC: maintenance costs of non-Siyaya vehicles is expensive; owners just work to pay the instalments (caught in a debt trap)
- R5: Quantum Sesfikile is unreliable, Quantum GL not; most of the approved vehicles don't even last the financing term of 52 months
  
- R5: if the TRP were aimed at advancing the sector owners should be compensated (scrapping allowance of) 50% of the price of the new vehicle (profit margins are too small at present);

this proposal is repeated every year at the SANTACO and regional conferences but nothing comes of it; operators do not have direct access to government so they have to work through representative structures (the implication was that representation was not working well)

- R5: most TA7 members have become credit-unworthy as a result of the TRP; proposes that as long as a member has a valid OL he should qualify for financing with government acting as guarantor; SA Taxi Finance is the only option at present for operators with bad credit record but they charge maximum interest rate of 25% and show no mercy when it comes to vehicle repossession due to non-payment
- All: Big Four commercial banks provide finance typically at 15-18% interest (but require candidate to be credit-worthy)
- R3 & R5: no one came directly to them to discuss the IRT/MyCiTi proposal, but they were not too concerned as they thought it would not affect them as it seemed to be confined to what is the Phase 1 area; were under the impression that MyCiTi would only be a top-up service and that existing services would continue to operate
- All: direct engagement started in May 2013; operators heard through the grapevine about the after-effects (protracted negotiations and disgruntlement) of Kidrogen; direct engagement was requested by operators; first contact was during City officials' presentation (to 15/15 group) on 22 April 2013; since then City is maintaining contact with operators to provide information; respondents are still trying to make sense of the proposal and contract structure
- SC: Kidrogen deal seems to be coercive and some operators have been sidelined; promises have not been realised; City's attitude seems to be "this [N2 Express service] is what is going to happen on the 14<sup>th</sup> of December [2013]"; political pressure to make it happen
- All: timeframe is too tight for proper engagement
- SC: public officials are under pressure from the mayor to push through the N2 Express service implementation; City officials know that something is not right with the MyCiTi model and that significant time is required to address the skills gap between present MBT and future BRT operational and managerial requirements
- SC: being called a 'top-up' service provides the space for the City to avoid complicated questions (around transitional arrangements); the City gave the impression that it was open for suggestions around routes (in Phase 2), but routes are now being prescribed
- R5: he is not comfortable commenting on IRT proposal as he has insufficient information and does not understand the impact it will have on his MBT business; he does not know what their (MBT industry's) reactions will be during the negotiation process
- R1: MyCiTi was aimed at replacing MBT and is not a project to improve MBTs; he is very concerned about the potential outcomes due to what happened in the Port Elizabeth project
- R4: (a number of MBT representatives) visited Port Elizabeth for 2 days, spoke to affected operators who don't see BRT as working for them; he would like time to investigate other (reform) options as he sees that public transport needs improvement

	<i>Question/topic</i>	<i>Prompts</i>	<i>Response</i>
A1	What is the role of the interview respondent(s) in the association?	Chairman Board member(s) Other?	R1: chair TA8-Cape Town route R2: vice-chairman TA8-Bellville/Stellenbosch/Paarl routes R3: vice-chairman TA8-Claremont/Wynberg routes, executive (also a respondent in interview TA7&8a) R4: route manager TA8-Mitchells Plain route R5: route manager TA7-Sea Point/Cape Town (entered interview $\pm 10$ mins late)
A2	What business interests does the association have except operating minibus-taxis?	Spare parts Vehicle maintenance Financing Fuel supply Other interests	none
B1	How did you start in the minibus-taxi industry?	Timeline Up through ranks First job	owner-driver
B2	How many vehicles do you own and operate?	Minibus Sedan Other	BN: All routes: maximum of 6 vehicles allowed per owner R1: 3 vehicles R2: 3 vehicles R3: 1 vehicle R4: 1 vehicle
B3	Do you drive any vehicles yourself?	Full-time Part-time	no
B4	How many operating licences or permits do you have?	In service at present Dormant	
B5	Do you keep a record of your minibus-taxi business's income and expenses?	Fares Fuel Wages Repairs	yes, paper-based after purchase of second vehicle
B6	Are your minibus-taxis your only source of income?	Minibus-taxi related business Other business	yes

C1	Why do you think passengers use minibus-taxis?	Travel time Cost Comfort Flexibility Captive to mode	
C2	What do you think would make your minibus-taxi business more successful?	Dedicated road space Improved competition regulation Improved law enforcement Larger vehicles Subsidy – capital or operational Representation structures Recognition	subsidy of 50% of purchase price of recap vehicle, or at least a scrapping allowance that equals the typical R75 000 deposit price of a new vehicle; more lenient lending criteria
C3	Do you think the Operating Licensing system works well?	Competition management Law enforcement Oversupply Profitability Application procedure	
C4	Do you think the Taxi Recapitalisation Programme works well?	Vehicle scrapping allowance Financing deficit Application procedure Scrapping facilities Approved vehicles	no – a scheme to root out the MBT sector
C5	Have you heard of the IRT/MyCiTi/BRT system? Where did you hear?	Press/internet Word-of-mouth Representative structures City of Cape Town engagement Other	yes, but only recently; heard via colleagues in Phase 1 area
C6	Do you think the IRT/MyCiTi/BRT system offers a good business opportunity for your business?	Collective ownership Financial certainty Competition regulation Employment stability Long-term planning Scale of change	too little information and understanding to determine this; are sceptical given very contracted timeframe to make December 2013 implementation date

## INTERVIEW RECORD

<i>Code:</i>	TA7&8c
<i>Date:</i>	4 July 2013
<i>Venue:</i>	UCT NEB Boardroom
<i>MyCiTi</i>	2
<i>Phase:</i>	

### Personal observations

Drivers' fates seem closely tied to that of owners.

This cohort of drivers all appeared to have good relationships with owners, though this is very unlikely to be the case in general. Nevertheless, if even this group is struggling when owners are under pressure financially or otherwise then a group experiencing poorer relations with their vehicles' owners are likely to be even worse off.

Unfair targeting of drivers by traffic law enforcement officers was an important topic during this interview; might be very difficult to prove this using statistics

Disgruntlement with government was very evident

As per TA7b responses, drivers get paid 25% commission on profit; if TRP vehicle instalments take up all of owners' takings (as per some TA7c responses) then the driver is left with no income/commission

Employment insecurity was an important recurring theme in this interview

### Interview record

- All work only as a driver – no other form of employment
- HS: started as driver?
- R1: 1991, was previously a contract construction worker
- R2: 1993, saved up for driver's licence while working as a contract construction worker
- R3: 2000, was previously a security guard
- R4: 1990, was previously
- R5: 2000, being a MBT taxi driver was his first job
- R6: 2000, being a MBT taxi driver was his first job
- R7: 1989, was previously a [roadworks] grader operator
- R8: 1990, being a MBT taxi driver was his first job
- HS: how do drivers account for farebox income and daily operating expenses?
- Respondents agreed that they do one of the following:
- R2: on long distance point to point trips there are no passengers getting on or off en route and the vehicle is always full; at the end of each day counts number of trips and multiplies it with vehicle's seating capacity to calculate income; stated that each driver has own means of keeping track of income
- R7: gaardjie collects fares; calculate earnings in consultation with gaardjie at the end of each trip
- R4: as per R2
- R8: tallies income at each major stop (i.e. per trip section)

- HS: why do passengers use MBTs?
- R5: “the taxi is faster than the bus, especially in the morning”
- R2: clientele are predominantly “previously disadvantaged individuals” (i.e. there are cultural/racial alliances) [interpreter used this term – was referring to non-white persons, was possibly not sure how to be politically correct in my presence]; there is a long-standing relationship between these passengers and individual drivers; if a particular passenger doesn’t have the fare he or she can make a temporary arrangement with the driver
- R7: MBT services are convenient to passengers; they stop nearby where passengers want to go; passengers can reason with MBT drivers if they don’t have the cash for the fare
- R3: taxis serve as feeders to buses and trains
- R1: drivers make special provision for disabled passengers by dropping them at their houses if requested to do so
- R8: drivers are able to assist passengers when they have lots of baggage or if they are elderly they drop them straight at their houses
- All: there was general agreement that there are many repeat passengers, i.e. they seek out the same driver/minibus
  
- HS: what are their views on regulation/government intervention/traffic law enforcement
- R2: law enforcement officers stop MBT drivers irrespective of whether there are problems with their vehicles/licences
- R8: drivers get abuse from traffic officers; BMT lanes are being encroached on by private cars, but unlike MBTs these don’t get pulled over; MBTs are then forced to offload passengers on the freeway and the driver must then take the vehicle to Green Point [Gallows Hill] to be inspected (dangerous to passengers, who must then find other means of transport)
- R2: law enforcement officials are undermining the work that drivers and MBTs are doing, which in turn affects their relationship with passengers; passengers lost faith in the MBT system, which is not the case with Golden Arrow; the minibuses are new and drivers have their PDPs, so this respondent doesn’t see why they are being treated unfairly
- R7: buses and construction trucks heavily overloaded with passengers are not being pulled over by traffic officers, but MBTs are even if they are carrying only one extra passenger
- R2: it is an everyday experience that you are going to be fighting with government; MBTs are being targeted by law enforcement officials; all modes should be treated equally
- R6: traffic officers specifically plan road blocks only for MBTs, thus inconveniencing passengers and discouraging them from using MBTs
- R7: there are designated units in the law enforcement corps to target MBTs; there are no such units for buses or for trucks [transporting passengers in the load bays]
- R6: GABS buses are not impounded if they don’t have an operating licence, but the owner of a MBT must pay a R7000 impoundment release fee for the vehicle and the driver gets fined a further R2 500
- R3: SAPS are also abusing MBT drivers; if a driver stops in the wrong area or zone his licence gets confiscated and after a few weeks the driver then receives fraudulent fines
- R7: a vehicle that gets impounded in Mowbray has to be collected in Strand – it may take some time for the owner to locate the vehicle and during this time the driver does not have an income
  
- HS: what is the relationship like with your vehicle’s owner?

- R7: we've got a close relationship "like cousins" [both like actual relatives or in the manner of relative – trusting]
- R2: we work in the same way as relatives – there is trust between the owner and the drivers; owners are willing to help drivers out if they experience financial difficulties; their relationships are strengthened by the fact that owners are aware of drivers' domestic circumstances
- R8: the vehicle owner helped him to pay for his sister's university fees; the respondent is now paying this money backbit-by-bit through a deduction on his wages
- R7: he has been working for a long time with the same owner; the owner is helping him to save towards purchasing his own vehicle
- R2: employment benefits in the informal sector are easy [straight-forward]; if there is a death in the family the owner lend him the money for the funeral and provides the vehicle for him to travel to the Transkei; things don't work like this in the formal sector
- R7: drivers get additional income: on days such as holidays they get given the vehicle for their own use and keep all farebox revenue
  
- HS: TRP/scraping process/recap vehicle quality
- R7: deposits on new vehicles are expensive and it takes an owner a long time to come up with this money after their old vehicle is scrapped; during this time the driver derives no income
- R8: the old vehicle that is being scrapped is paid off, but the new vehicle is expensive and places the owner under financial pressure; this impacts negatively on the driver's income
- R2: there has not been a thorough assessment of all routes to determine whether there is sufficient income on different routes to enable owners to pay the instalments on the new vehicle; if the owner ends up being under financial pressure the driver's income suffers too
- R7: owners are using all the money to pay off the new TRP-compliant vehicle and do not have money left to pay the driver's wage
- R2: drivers' job security is under threat since the vehicle can be repossessed at any time [due to non-payment of loan]
- R6: new vehicle [Quantum] fuel consumption is very high compare to old Siyaya [impacts negatively on income]
- R7: out of 10 owners who have gone for the TRP only 3 have managed to keep their vehicles; the other 7 have been repossessed [might be relative figures, i.e. R7's perception of a percentage of all owners]
- R2: when the TRP was introduced everyone thought that the new vehicles would improve the MBT system; the [Khayelitsha to] Cape Town route is not as lucrative as it used to be, and there is a direct impact on the driver as they have to work harder to make an income; the reduced passenger capacity of the new vehicle also impacts negatively on their income and has left many drivers without jobs
- R7: because of reduced income R7 had to get rid of gaardjies and is not using a cleaner or car-washer any more; [many] drivers have to do all the tasks [including fare collection and cleaning] themselves
  
- HS: how can the TRP be improved?
- R2: route [profitability] assessments should have been conducted; the TRP blanket assessment [approach] is affecting the less lucrative routes negatively
- R8: high instalments are problematic and are making drivers' job risky and insecure; Siyayas make owner feel that they are in business and they can pay the drivers properly



- R7: attention should be given the high instalment; law enforcement should be more lenient in peak hours as they are affecting drivers' income and travelling workers
- R5: a contribution from government to assist owners to meet their financial obligations would be welcome [access to some form of operational/capital subsidy]
- R4: new vehicles' technology is making them difficult and expensive to maintain – they should revert to the Siyaya
- R6: the Chinese vehicles ("Inyathis") are not up to the task of being MBTs and end up standing idle at owners' houses; this translates into drivers losing their income
- R7: grant support from government would be an improvement; GABS drivers get unemployment benefits such as medical aid and pension but MBT drivers not; they rely solely on the availability of the vehicle to make an income and get no sick pay
- HS: have respondents heard about IRT/MyCiTi, where did they hear, and what do they understand it entails?
- R7: saw it in the newspapers; there was never any interface with the drivers to explain how it impacts on them [in terms of employment]
- R8: there is a skills deficit [to drive the BRT buses]; respondent only has a code 8 licence as he has no formal education; he sees himself as having to sweep streets in the near future [will not be eligible to work in MyCiTi]; he has dependants and is unsure whether he'll be able to support them; he sees MyCiTi as a threat [to his livelihood]
- R4: MyCiTi buses take 100 passengers and require 1 driver; one of these buses replaces far more MBTs – 20 by his account – and now all these drivers can be absorbed; what will happen to the rest of the drivers?
- R2: is worried about labour retention; heard from colleagues in Kidrogen; they see [MyCiTi on the roads] and hear about it in the media by nobody know what MyCiTi is about; he wants to have someone informed to speak to them; MyCiTi poses a threat to drivers' jobs and survival; MyCiTi's current perception is that it will only disadvantage owners and drivers; it would be great if it could empower owners and drivers but there is a fear of the unknown in the form of the impact of MyCiTi [on present MBT operations] and thus it is being rejected;
- All: they only hear about the negative things
- R8: drivers discuss the MyCiTi amongst themselves when are together on the Top Deck [Cape Town Central Station deck taxi rank]; a Du Noon owner committed suicide because of problems with his compensation [TB stated in a separate meeting that he took early exit payment and squandered the money] and now the drivers who used to work for him are sitting without an income; other drivers also feel stranded [after their MBTs' owners joined Kidrogen]
- R6: informal workers at the ranks are being affected by MyCiTi – they cook for MBT drivers but they will be removed [have no role] after MyCiTi's introduction
- R4: most drivers only have a code 8 licence; buses will require a code 14 licence and a matric pass; there is no space for them in MyCiTi
- R1: there is high unemployment rate amongst the black community; the introduction of MyCiTi will further impact [negatively] on this community; R1 is the only breadwinner in his family [and is concerned how he will support them when MyCiTi come]; MyCiTi is seen as a threat because he is not sure what opportunities there will be for him or for other employees in the MBT sector
- R2: no information is brought to them [MBT drivers] about MyCiTi, which stokes their fears and frustrations; owners are also unsure and this uncertainty is filtering down to the drivers;

drivers' background and education needs to be taken into account; drivers don't see a possibility for alternative employment [outside MBT sector] and are concerned about their families who depend on them for support

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## **APPENDIX G: INTERVIEW RESULTS ANALYSIS**

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The interview results analysis spreadsheet is provided in electronic format. The main sheet contains the interview responses by associations sorted thematically. The data records are the responses, where applicable with text quotations alongside. The data fields are the themes and sub-themes of responses. A supplementary sheet contains the interview schedule responses from Appendix F: Interview records, but sorted according to the themes in the main sheet.

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## **APPENDIX H: ETHICS IN RESEARCH CLEARANCE**

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## EBE Faculty: Assessment of Ethics in Research Projects

Any person planning to undertake research in the Faculty of Engineering and the Built Environment at the University of Cape Town is required to complete this form before collecting or analysing data. When completed it should be submitted to the supervisor (where applicable) and from there to the Head of Department.

If any of the questions below have been answered YES, and the applicant is NOT a fourth year student, the Head should forward this form for approval by the Faculty EIR committee: submit to Ms Zulpha Geyer - [Zulpha.Geyer@uct.ac.za](mailto:Zulpha.Geyer@uct.ac.za); Chemical Engineering Building, Upper Campus, UCT, (Ph 021 650 4791).

**NB: A copy of this completed form must be included with the thesis/dissertation/report when it is submitted for examination.**

Name of Principal Researcher/Student: Herrie Schalekamp

Department: Civil Engineering

Preferred email address of applicant: herrie.schalekamp@uct.ac.za

If a Student:

Degree: PhD

Supervisor: A/Prof Roger Behrens

If a Research Contract indicate source of funding/sponsorship: -

Research Project Title: Engaging paratransit on public transport reform in Cape Town


### Overview of ethics issues in your research project:

Question 1: Is there a possibility that your research could cause harm to a third party (i.e. a person not involved in your project)?	YES	<input checked="" type="checkbox"/> NO
Question 2: Is your research making use of human subjects as sources of data? If your answer is YES, please complete Addendum 2.	<input checked="" type="checkbox"/> YES	NO
Question 3: Does your research involve the participation of or provision of services to communities? If your answer is YES, please complete Addendum 3.	YES	<input checked="" type="checkbox"/> NO
Question 4: If your research is sponsored, is there any potential for conflicts of interest? If your answer is YES, please complete Addendum 4.	YES	<input checked="" type="checkbox"/> NO




If you have answered YES to any of the above questions, please append a copy of your research proposal, as well as any interview schedules or questionnaires (Addendum 1) and please complete further addenda as appropriate.

### I hereby undertake to carry out my research in such a way that

- there is no apparent legal objection to the nature or the method of research; and
- the research will not compromise staff or students or the other responsibilities of the University;
- the stated objective will be achieved, and the findings will have a high degree of validity;
- limitations and alternative interpretations will be considered;
- the findings could be subject to peer review and publicly available; and
- I will comply with the conventions of copyright and avoid any practice that would constitute plagiarism.

Signed by:	Full name and signature	Date
Principal Researcher/Student:		15 Jun 2011

This application is approved by:

Supervisor (if applicable):		21 JUN 2011
HOD (or delegated nominee): Final authority for all assessments with NO to all questions and for all undergraduate research.		21/07/2011
Chair : Faculty EIR Committee For applicants other than undergraduate students who have answered YES to any of the above questions.		28/06/2011